

Europe Acts to Join Era of Innovation

Ties Its Hopes for Economic Revival
To a Rush to Experiment, Take Risks

By Joseph Fitchett

LILLE, France — Cheerful and purposeful compared with its decaying and listless industrial surroundings, Lille's Pastern Elementary School is a classroom of hope.

But the words and music are coming from computer consoles programmed by Pastern's 10- and 11-year-old pupils. Paired off at keyboards and brightly colored screens, the children work out the logic, then follow the English instructions: "1. Print Fré. 2. Play Do. 3. Print re. 4. Play Mi."

Next door, in Pastern's kindergarten, children program a robot resembling a clear plastic tortoise. Using instruction cards, they teach it a pattern of moves from a drawing the pupils have made, then watch in entranced silence as the robot trundles over a sheet of paper taped to the floor, reproducing the shape.

"Computers not only familiarize the children with information technology, they also are proving powerful teaching tools," explains Lucien Marie, a computer-learning consultant here in northern France. "Kids have no inhibitions about learning from machines."

At a computer console, Yasmin, 10, and Amal, 11, work as a team on an educational video game, using an electronic pointer, called a mouse, to compose sentences from words displayed on the screen. They are clear about why they must master computer technology.

"In the year 2000, there won't be people in factories, only robots," Yasmin says. Amal chimes in:

"And only people with computers can have jobs." Whenever they learned it, the two children are echoing the revolutionary views of their elders.

In what amounts to the most fundamental change in Western European economic thinking since World War II, governments and industries, academics and many trade unions are experimenting with new approaches to allow careers to be more flexible, encourage more commercial risk-taking and make their businesses more competitive.

The changes are an attempt to reverse a decline in Europe's economic strength that is apparent in high, stubborn unemployment, lagging technological development behind the United States and Japan, and a growing mood that European political leadership has lost any vision of a better future.

A few hundred yards away from the Pastern Elementary School, 11 unemployed men and women are earnestly discussing how to start their own businesses in a seminar sponsored by Lille's Boutique de Gestion, or Business Shop. This is one of 26 centers set up since 1982 throughout France, owned and operated by management specialists, they teach the basics of entrepreneurship, the golden dream.

Entrepreneurship generally means starting an innovative business and it implies a readiness to take risks and an eye for creative products or services. Today's folk heroes are such successful entrepreneurs as Serge Crasnikowski of France, whose Kis shops for rapid film development and shoe repairs have spread around the world, or Sir Clive Sinclair of England, who



Schoolchildren in Rennes, France, studying with the help of a computer under an Education Ministry project.

Getting Down to Business

Europe's New Approaches to Competition

In the face of American and Japanese competition, is Western Europe irreversibly declining economically? Can it catch up technologically? Are European economies too rigid to change? Can Europe move from a managerial to an entrepreneurial society?

This is the first of a series of articles, appearing from time to time, that will focus on these questions and some answers.

invented and sold internationally the first personal computer with a price under \$100.

In this Lille workshop session, the entrepreneurs come on a smaller scale.

A maintenance engineer, for example, seeks advice on faster service in home-heating. A driving instructor of North African origin plans a bilingual school for immigrants handicapped by poor

French. A cook dismissed by Renault, the state-owned automaker, wonders if northern France, which has long favored beer and Bordeaux wines, might be a market for Burgundy. An engineer who worked for a carpet manufacturer that went bankrupt bought his old laboratory and plans to run an automated two-man operation that will sell high-quality carpeting to a U.S. company.

Of about 150,000 new businesses in France in 1985, government surveys indicate that nearly half of them will be started by unemployed men and women. More than 700 of them — and nearly 2,000 jobs — involved help from Business Shops.

This trend is not confined to France. In West Germany the number of new businesses, which declined during the 1970s, jumped

to 260,000 last year. "Entrepreneurship increasingly is viewed as the way of helping us get out of economic difficulty," says Konrad Seitz, a top aide to Hans-Dietrich Genscher, West Germany's foreign minister.

The French national employment agency will pay a worker's full unemployment benefits in a lump sum to provide start-up capital for a small business. Despairing of ever getting a new salary, more and more of the French are going into business for themselves, usually using the skill for which they can find no permanent employer.

Labor-saving automation and entrepreneurship were practically taboo in recent years in Lille, a stronghold of trade unions and socialism. Built on some of the heavy

Gorbachev Asks Mutual Test Ban To Build Trust

By William J. Eason

Los Angeles Times Service

MOSCOW — Mikhail S. Gorbachev appealed to President Ronald Reagan on Wednesday to join Moscow in a moratorium on nuclear tests as a way to build trust following the Geneva summit conference.

While declaring that the meeting had produced a positive, stabilizing effect, the Soviet leader also renewed his warning that arms reduction would be "impossible" if Mr. Reagan proceeded with his Strategic Defense Initiative.

"We hope what was said in Geneva on SDI is not the last word," Mr. Gorbachev said, referring to Mr. Reagan's refusal to give up plans for a space-based missile defense system.

Mr. Gorbachev delivered a wide-ranging report to the Supreme Soviet, the nominal parliament, on his meeting with Mr. Reagan last week.

He departed from his prepared text to urge the United States, along with other nuclear powers, to agree to a test ban that might allow some form of international verification.

The Soviet Union announced last August that it had suspended nuclear tests until Jan. 1, and Mr. Gorbachev said that the moratorium would be extended if the United States would refrain from testing.

The Reagan administration has said that it must detonate nuclear explosions to catch up with Soviet advances in weaponry. "We placed this proposal before the president in Geneva," Mr. Gorbachev said of the test ban. "The answer was silence."

"There is still time and I think the leaders of the United States and other nuclear powers would agree to it if they understood their responsibility before the world," he added.

"This is an appeal from the Supreme Soviet to come to agreement on this major issue of modern times," he concluded.

Although his power comes from his position as general secretary of the Communist Party, Mr. Gorbachev is also a deputy of the Supreme Soviet and a member of its Presidium.

"We value the personal contact established with the U.S. president," he said of his meetings with Mr. Reagan, the first encounter between Soviet and U.S. leaders since 1979.

"It is important that the dialogue take place — it is in itself a stabilizing factor in our difficult times," he said. "But we are realistic and must say directly that solutions to major problems related to ending the arms race were not found at the meeting."

Mr. Gorbachev said that the real test of the summit was whether the two superpowers could agree on a test ban.



Mikhail S. Gorbachev

London, Bonn Likely to Join SDI Research

The Associated Press

LONDON — Prime Minister Margaret Thatcher said Wednesday that both Britain and West Germany are likely to sign agreements before Christmas to participate in research on the U.S. Strategic Defense Initiative.

If Britain and West Germany join in research on the program of space-based weapons, they would be the first American allies to do so, following an invitation to participate made last March by Caspar W. Weinberger, the U.S. defense secretary.

Mrs. Thatcher appeared with Chancellor Helmut Kohl of West Germany at a joint news conference following a first round of talks Wednesday morning. The prime minister was asked

Budget cuts have lowered the goals of the Strategic Defense Initiative, Page 3.

whether she and Mr. Kohl had discussed participating in the U.S. program to explore the possibilities of a space shield against nuclear missiles.

She said that she and the West German chancellor discussed the space initiative and added: "It is my belief we are likely to sign an agreement, both of us, before Christmas."

Mr. Kohl appeared less positive. "Before Christmas," he said, "we will, within the cabinet, take a decision as to in what manner we as a federal government can draw an outline, and if we do this what this outline will be like." He said that matters then would "proceed within that framework."

There was no immediate indication of what such agreements might encompass. Britain had demanded a \$1.5-billion share of SDI projects but withdrew that condition last month.

Mr. Kohl has been more cautious than Mrs. Thatcher in his support of the U.S. program, partly because of domestic political opposition and partly because West Germany is more sensitive to East bloc concerns about the program.

Mrs. Thatcher also hinted strongly that Britain would shortly pull out of the United Nations Educational, Scientific and Cultural Organization.

She noted that Britain gave the required one-year notice of intention to withdraw unless the 16-nation Paris-based organization underwent genuine reform.

"The notice of withdrawal stands," she said, "unless by any chance it is rescinded."

Britain is expected to make its final decision in early December. The United States withdrew at the end of last year. Both countries have complained about high UNESCO administrative costs and the politicizing of programs.

Mr. Kohl did not comment on UNESCO, but it is believed that he would prefer Britain to continue to work for reform from within the organization.

Summing up her talks with Mr. Kohl, Mrs. Thatcher said they had discussed at "some considerable length" the results of the U.S.-Soviet summit meeting in Geneva last week.

"We are both very pleased with the results of the summit," she said, "and very much aware that a great deal of work will have to be done to translate those confident new hopes into reality."

Mr. Kohl said it was very important that more Germans in the east and west be able to visit each other. Concerning a possible visit by Erich Honecker, the East German leader, to West Germany, Mr. Kohl said, "It is a matter for him to decide."

He added: "It is up to him to agree a date. I will not take part in this rather stupid discussion in my own country whether he comes or doesn't come."

Cairo Wants To Judge Jet Hijacker

The Associated Press

CAIRO — Egypt has asked Malta to extradite the surviving hijacker of an EgyptAir airliner for trial in Egypt, the official Middle East News Agency reported Wednesday.

The agency said that Egypt had formally requested the extradition of the surviving hijacker "so he can be tried under Egyptian law since this is Egypt's right under international law."

Maltese officials said Omar Marzouki, 30, who had a Tunisian passport, was the only survivor of the gunman who commandeered an EgyptAir Boeing 737 on Saturday on a flight from Athens to Cairo.

The others were among 58 people who died when Egyptian commandos stormed the plane late Sunday. A woman was killed by the hijackers before the assault.

President Hosni Mubarak has claimed that the hijackers were members of an undisclosed Palestinian group opposed to the Palestinian Liberation Organization and acted with Libyan backing.

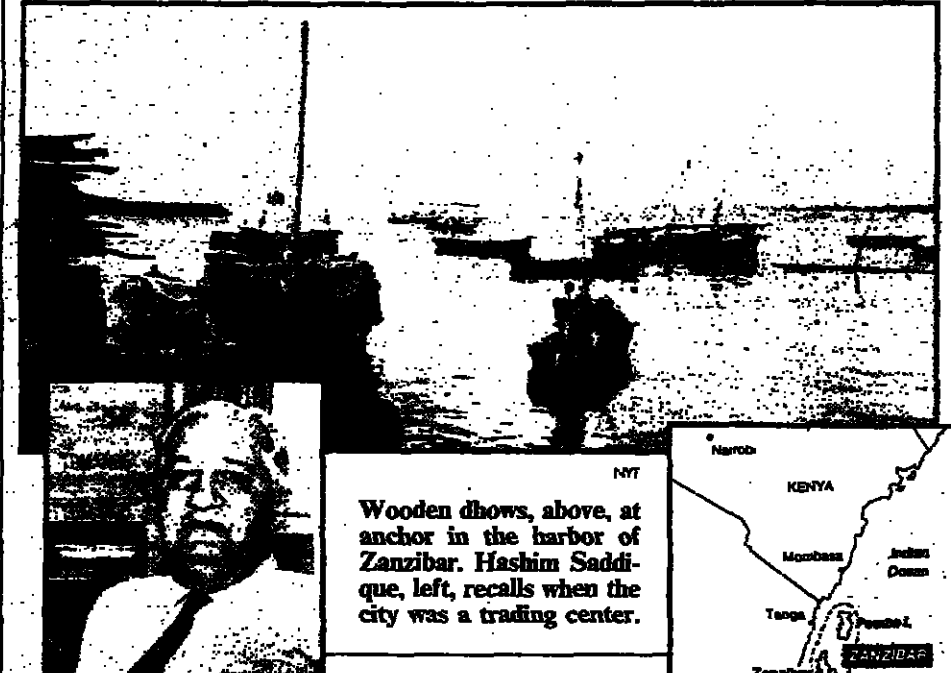
Maltese investigation into the hijacking will include an attempt to establish whether Libya was involved, United Press International reported from Valletta.

"If you were the investigating magistrate and you heard these sort of rumors going around, don't you think you would want to look into them?" the deputy government spokesman, Arthier Pace, said Wednesday.

Mr. Pace said he ruled out suggestions that any of hijackers escaped in the confusion that followed the storming of the aircraft.

"I think we have accounted for all the passengers now," he said. "Nobody is missing from the list."

■ Air Piracy Conference. International airline and airport representatives opened a two-day



Wooden dhows, above, at anchor in the harbor of Zanzibar. Hashim Saddique, left, recalls when the city was a trading center.

Zanzibar Then, Now

Tanzanian President Rekindles an Island's Optimism

By Edward A. Gargan

New York Times Service

ZANZIBAR, Tanzania — There was a time, Hashim Saddique remembers, when everything seemed possible on this island. Fortune-seekers and Arab traders, fresh from white-hulled steamers and peddling wooden dhows, hurried down

and deeply shadowed streets to trade in gold and ivory, cloves and cinnamon and nutmeg.

"I had a ship hawk's license," recalled Mr. Saddique, his chair creaking as he bent forward. "I was allowed to go on board ships and sell my items — antique silver and carvings. I was dealing in coins also. With these antique things, you could go anywhere, to any country in the world and earn your grub."

The old days are tangible mostly in the odd silver candleabra or wooden bust under the dust of Mr. Saddique's antique shop. Now, the 16-year-old dealer concedes, there is little to do, little to trade. He asks if a visitor requires the services of his son, Rashid, to exchange a little money.

Along the warren of narrow streets, where elaborately carved wooden balconies sag from 19th-century buildings, the past fingers the way a cigar's aroma clings to the edges of a room.

But today, there is more optimism on this island, which merged with Tanganyika in April 1964, largely because of the rise to national power of a man who began his career here as a schoolteacher.

Ali Hassan Mwinyi, 60, Tanzania's newly elected president, held a series of government posts before becoming vice president of Tanzania and president of Zanzibar and Pemba, its sister island to the north, in April 1984.

The islands had been crippled economically and politically by the harsh authoritarianism of his predecessors. Swiftly, however, he reshaped their constitution, liberalized economic policies to permit foreign investment and greater trade, and encouraged freedom of speech. Zanzibar maintains some autonomy from the mainland through a separate constitution.

"Under Juma, the people could not get enough to eat," said Juma, a former government functionary and now an occasional dealer in used bicycles, referring to Sheikh Aboud Mwinyi Juma, Mr. Mwinyi's predecessor. "Businesses were not allowed to import anything from abroad."

"Everything is O.K. now," he said. "People are

U.S. Aides Say Damage From Spying Is Immense

By Joel Brinkley

New York Times Service

WASHINGTON — Senior U.S. intelligence officials say the United States has been immensely damaged by the series of espionage cases disclosed in the past week.

One senior Reagan administration official said the new disclosures, along with other major spy cases in the last six months, add up to "an extraordinarily bad year for us — it's going to cost us millions to recoup, if we can."

Another administration official said: "There are more of these cases coming. Don't think it's over yet."

He said Vitaly S. Yurchenko, the Soviet defector who returned to Moscow on Nov. 6, provided information that probably will lead to several more arrests.

A former analyst with the Central Intelligence Agency, Larry Wu-Tai Chin, who was arrested Saturday and accused of spying for China for more than three decades, was indicted Tuesday on espionage charges.

In addition, associates interviewed Tuesday said that Jonathan Jay Pollard, a navy counterintelligence analyst who was accused last week of spying for Israel, had boasted for 10 years about working for the Israelis. Two Israeli newspapers, in reports Tuesday, identified Rafi Eitan, who was an intelligence adviser to Prime Minister Menachem Begin, as Mr. Pollard's recruiter.

U.S. intelligence officials said that of the four persons arrested since Thursday on spy charges, Ronald W. Pelton, a former employee of the National Security Agency, appeared on initial assessment to have caused the most harm. He was caught as a result of information provided by Mr. Yurchenko, according to the Federal Bureau of Investigation.

While employed as a communications specialist from 1965 to 1979, Mr. Pelton had clearance to use the most heavily classified in-

telligence, designated sensitive compartmentalized information. Although officials would not describe his job precisely, they said he was in a position to know the capacity of many of the security agency's highly sensitive satellites and other intelligence-gathering tools.

The agency uses photo-reconnaissance satellites, listening stations on the ground and in the air, and other devices to photograph and intercept information. The agency, the nation's most secret intelligence organization, is most effective when it uses advanced capacities that the Soviet Union does not know the United States has.

Mr. Pelton apparently told Moscow how some of the agency's intelligence-gathering devices work, a senior intelligence source said Tuesday. Another intelligence official said, "He could have caused

(Continued on Page 3, Col. 2)

(Continued on Page 2, Col. 2)

The U.S. Tax Reform Effort: A Favor Here, a Favor There

By David E. Rosenbaum

New York Times Service

WASHINGTON — More than two dozen exceptions to the provisions of the new tax revision legislation by the House Ways and Means Committee were inserted in the legislation personally on the last day of drafting by the committee chairman, Representative Dan Rostenkowski.

The exceptions, euphemistically called "transition rules," are in reality special favors to reward legislators who backed the chairman in the committee or to gain the support of influential lawmakers whose help he will need to guarantee adoption of the measure next month on the House floor.

For example, the legislation, as a rule, would prohibit the use of tax-exempt bonds to finance sports sta-

diums, convention facilities and parking garages.

But exceptions would be allowed for stadiums in Cleveland, Miami, Chicago, in Memphis, Tennessee and at the Meadowslands in northern New Jersey, for a convention center in Miami and for parking garages in Memphis and Charleston, South Carolina.

Altogether, the special tax breaks would cost the Treasury \$2 billion to \$3 billion a year in lost revenue, more than twice what the government spends on cancer research.

But from Mr. Rostenkowski's point of view it was a small price to pay to win approval of the most sweeping tax legislation since World War II, a bill that would otherwise end hundreds of tax advantages and sharply reduce the tax

rates paid by every taxpayer in the United States.

Special favors in tax bills are commonplace in the Senate, but experts said Mr. Rostenkowski, an Illinois Democrat, might have gone further this year than his predecessors who headed the House tax-writing committee.

For his part, Mr. Rostenkowski makes no apologies for his wheeling and dealing to pick up votes. "Politics is an imperfect process," he said just before dawn Saturday when his committee wrapped up its work.

Representative Bill Frenzel of Minnesota, one of the most influential Republicans on the Ways and Means Committee, said, "The rule is that if you're on board you get something that normal policy wouldn't get you." Like most of his

Republican colleagues, Mr. Frenzel opposes the legislation and received none of the favors.

"No one gets punished," Mr. Frenzel added. "It's not a system of punishment. It's a system of rewards."

One of those most generously rewarded was Representative Claude Pepper, the Miami Democrat who is chairman of the House Rules Committee. Mr. Pepper's committee will set the terms for the House debate on the tax legislation, specifying precisely which amendments will be in order. If Mr. Rostenkowski gets his way in the Rules Committee, few if any amendments will be permitted.

Chances are that no one in Congress except for Mr. Rostenkowski and Mr. Pepper, including the

(Continued on Page 2, Col. 3)



Dan Rostenkowski



André Bergeron, leader of the French union Force Ouvrière, revealed the union had accepted U.S. funds. Page 3.

■ U.S. and Egyptian officials said that Libya was behind the EgyptAir hijacking. Page 2.

■ China revealed an effort to quell student protests over "open door" policies. Page 2.

■ U.S. and Angolan officials began meetings on UNITA and the future of Namibia. Page 3.

■ Budget cuts have lowered the horizons for the Strategic Defense Initiative. Page 3.

SCIENCE

■ Hiram Maxim's "killing machine" is 100 years old and still going strong. Page 6.

BUSINESS/FINANCE

■ Islamic law conflicts with building a Western-style economy in Saudi Arabia. Page 13.

■ Veba AG, the West German energy and trading concern, said that nine-month profit is up 19 percent. Page 13.

■ Veba AG, the West German energy and trading concern, said that nine-month profit is up 19 percent. Page 13.

U.S., Egypt Believe Libya Masterminded EgyptAir Hijacking

By David B. Ottaway
Washington Post Service

WASHINGTON — Three days before the hijacking of the EgyptAir jet on Saturday, a meeting of Libyan officials ended with a communiqué pledging to strike at U.S. interests in the Arab world and to support "materially and morally" those fighting the "imperialist regime" in Egypt.

While there is no proof of Libyan involvement in the latest bloody hijacking, Egyptian and U.S. officials have indicated strong suspicion that the Libyan leader, Moammar Qadhafi, was the mastermind. Fifty-nine persons died during the hijacking, 38 of them when Egyptian troops stormed the plane.

For more than a year, Colonel Qadhafi has stepped up efforts to undermine the government of President Hosni Mubarak and liquidate members of the Libyan opposition in Egypt.

Earlier this month, The Washington Post reported that the Central Intelligence Agency planned to back efforts by neighboring countries to undermine Colonel Qadhafi's government.

Since then, the Libyan leader has increased his verbal attacks on the United States and tried to use the disclosure to rally support at home and in the Arab world for his troubled regime.

A statement issued last Thursday by Colonel Qadhafi's "revolutionary officers" after a two-day session said they had discussed "overt and covert missions" and ordered "any counterrevolutionary attempt" crushed "without having to refer to any quarter."

In addition to committing themselves to waging "the battles of Arab unity by force," the officers pledged support for "the popular revolution" in Sudan as well as the "popular masses" in Tunisia.

Libya's state radio charged Tuesday that there had been "clumsy and reckless behavior" by the Egyptian commandos who stormed the hijacked plane in Malta on Sunday night and that "responsibility for the massacre lies on the shoulders of the Egyptian regime."

Referring to The Washington Post report, the Libyan news agency, JANA, asserted that the United States "has given the green light to its agent, the Egyptian regime, to carry out aggression" against Libya.

In recent months, some U.S. analysts have noted several developments suggesting an increase in Colonel Qadhafi's commitment to revolution and terrorism against U.S. interests and those of its moderate Arab allies. These include:

● Immediately following the overthrow of President

Gaafar Nimeiri of Sudan on April 6, Colonel Qadhafi sent scores of Libyan agents and pro-Libyan Sudanese to set up "revolutionary committees" there.

They have taken advantage of the new government's plan to hold free elections for a civilian government by next April 6 and have established themselves in Sudan's fragmented political life, U.S. analysts say.

The situation in Khartoum has become so unsettled that the State Department issued a travel advisory last week warning Americans to avoid the Sudanese capital because "known Libyan terrorists" freely roam the streets.

● On March 31, after a meeting of Arab "revolutionaries" in Tripoli, Colonel Qadhafi established a "National Command of Revolutionary Forces in the Arab World." Its stated goal is "to liberate and unite" the Arab world.

News reports said the meeting was attended by representatives of ruling parties in Syria and South Yemen; leftist parties from Lebanon; opposition groups from Iraq, Somalia, Jordan, Sudan, Oman and North Yemen; and Palestinian factions opposed to Yasser Arafat's leadership of the Palestine Liberation Organization.

● U.S. Increases Surveillance
Bernard Gwertzman of The New York Times reported from Washington:

The United States has increased its aerial and electronic surveillance of Libya to monitor any military moves in the aftermath of the EgyptAir hijacking, according to administration officials.

The officials said Tuesday that U.S. forces in the area had been put on alert in case Libya and Egypt became involved in fighting as the result of the hijacking and the subsequent Egyptian storming of the plane.

There was no direct U.S. involvement in the rescue operation, the officials said. But one high official said, "We are ready with our forces in the event something nasty occurs."

After the attack, and the resultant large loss of life, President Ronald Reagan sent a message to President Mubarak praising him for the action, and expressing strong U.S. support for action against terrorists.

Several officials said that the quick U.S. moves to back the Egyptians and the cordial exchange of messages between Cairo and Washington had indicated that the tension that existed at the time of the Achille Lauro affair last month had passed.

The United States, which had been critical of Egypt's decision to turn over the four hijackers of the Italian cruise ship to PLO officials, intercepted the Egyptian airliner carrying them to Tunisia and forced it to Italy, where they were apprehended.

Bush, Anglican Envoy Discuss Beirut Hostages

New York Times Service

WASHINGTON — Terry Waite, the Church of England representative seeking the release of U.S. captives in Lebanon, has conferred with Vice President George Bush and other U.S. officials on ways of winning the hostages' freedom.

"I was able to give him a general briefing on the situation and to indicate some ways in which I felt that this matter could be resolved," Mr. Waite said after talking with Mr. Bush on an hour on Tuesday.

Mr. Waite also met in New York on Tuesday with the United Nations secretary general, Javier Pérez de Cuellar. The church envoy, who said he planned to return to Lebanon shortly, said that Mr. Pérez de Cuellar had been "very supportive" of his mission.

Mr. Waite, who says he has met with the Shiite Muslims who are said to have kidnapped at least four of the six Americans missing in Lebanon, said he had made "no special request" of the United States.

He also said he believed the United States had been right to refuse to yield to the kidnappers' condition for the release of the four. The kidnappers have demanded that Kuwait release 17 Shiite hostages for their part in bombings in Kuwait two years ago.

But he added that he believed "there is a way forward which could bring about their eventual release without the compromise of principle."

Mr. Waite said that he had made a request to visit Kuwait, but there was no indication that the Kuwaitis, who have rejected the idea of a deal, would receive him.

U.S. officials have been ambivalent about Mr. Waite's mission. They have been interested in his ability to make contact with the kidnappers and open up the first known serious negotiations for the release of Americans. But Washington has indicated that it would be better for Mr. Waite not to appear to be too closely linked to the United States.



EXECUTION IN LEBANON — Palestinians in Sidon, Lebanon, gathered Wednesday to view the bodies of three women and a man killed by a guerrilla firing squad. The dead persons were accused of collaborating with Israel during the three-year occupation of southern Lebanon.

Beijing Moves to Quell Student Protests Over Widening Foreign Ties

By John F. Burns
New York Times Service

BEIJING — Chinese leaders have summoned an emergency congress of the Communist Youth League in an attempt to quell mounting student protests against Deng Xiaoping's so-called "open door" policies.

The Communist Party newspaper, People's Daily, reported Tuesday that the Youth League will meet in special session Thursday. Without mentioning the protests, the newspaper said the conference would urge young people to "stand in the forefront" of the new policies, and to maintain discipline.

The paper also said that there would be changes in the leadership of the Central Committee of the league, suggesting that Mr. Deng has ordered a shake-up in an attempt to get control of the situation. Sudden moves to convene party gatherings have been rare in

the orderly political atmosphere of recent years.

The development followed two student marches in recent weeks to Tiananmen Square in the heart of Beijing. Similar marches have occurred in at least three other cities since September, some of them resulting in clashes with police. On each occasion the ostensible target has been Japan, but the underlying motive appeared to have been to call attention to dissatisfaction with Mr. Deng's policy of broadening foreign ties.

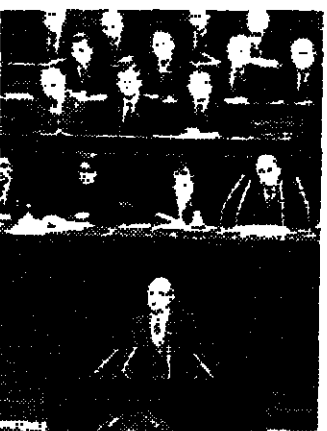
Concern about the protests reflects the history of student movements in modern China, which have often been a prelude to broader unrest. An unanswered question is whether the demonstrations have been spontaneous, as official accounts maintain, or were inspired by party officials seeking a means to undermine Mr. Deng's policies.

What is clear is that Mr. Deng has resolved to close off the protests, or at least to channel them into support for his policies. Party newspapers have run a spate of articles criticizing the Beijing demonstrations and admonishing students to work within authorized party channels. They have been told not to launch movements on their own, and not to stir up "anti-foreign" sentiment.

In an effort to co-opt the protests, the government plans to hold rallies in Beijing and other cities on Dec. 9, the 50th anniversary of a student uprising in the capital that played a role in prompting Chiang Kai-shek and his Nationalist forces to join the Communists in a united front against Japan. In a preliminary move last weekend, veterans of the 1935 demonstration attended a forum at Beijing University to counsel students not to persist with their agitation.

Reports in the People's Daily and China Youth News made it clear that the issue in the demonstrations has not been Japan alone, but the broader issue of China's burgeoning foreign ties. The protests featured calls for an end to Japan's "second occupation," meaning the growth of Japanese commercial links.

■ 23 Officials Imprisoned
A Beijing court imprisoned 23 officials found guilty of taking bribes, fraud, commodity speculation and tax evasion in a harsh crackdown on economic crimes. The Xinhua news agency said Wednesday, United Press International reported from Beijing.



Mikhail Gorbachev speaking to the Supreme Soviet.

EC Ministers Restore Budget Funds; Not Enough, Delegates Say

Reuters

BRUSSELS — European Community treasury ministers, overriding objections from Britain and Ireland, agreed Wednesday on a higher budget for 1986, going along with the European Parliament's wishes to restore some items that had been cut.

After 19 hours of negotiations, the ministers agreed to an increase of 821 million European currency units (869 million). They had hoped to avert a full-scale financial dispute with the Parliament, largely over cash to finance enlargement of the community.

But major political groups in the Parliament said that they could not

accept the budget, which restored less than half of the two billion European currency units (\$1.7 billion) cut by the Council of Ministers in September from the original budget proposed by the EC Executive Commission in Brussels.

Spain and Portugal, which join the EC on Jan. 1, will receive about 321 million ECUs of the increase, about half the amount the Parliament had sought to reinstate on their behalf.

Representatives of the Socialist, Christian-Democratic and Liberal groups, which hold two-thirds of

the seats in the Parliament, issued their statements after a meeting of the assembly's budget committee.

The Parliament shares budget powers with the Council of Ministers. It is one of the few areas where the assembly, which meets in Strasbourg, has a clearly defined role.

The Parliament will take a final vote on the budget next month and its officials said it was likely to restore the cuts entirely unless a last-minute compromise was reached.

Britain opposed increasing expenditures, while Ireland, one of

the EC's poorest members, argued that even the revised budget was too small.

Italy also opposed the compromise proposed by Luxembourg, which currently holds the presidency, but fell into line with the majority of the 10-member community.

In a separate development Wednesday, Jacques Delors of France, the commission's president, rejected as inadequate proposals for limited reform of the EC's founding Treaty of Rome that are scheduled to be considered at

Monday's summit meeting in Luxembourg.

Mr. Delors said proposals that foreign ministers spent Monday and Tuesday discussing would not produce the degree of economic and political revival envisaged at a June summit meeting in Milan.

Those proposals would maintain the present system under which any state can block legislation by a veto. Mr. Delors favors majority voting.

The ministers are to meet over the weekend for further discussions.

Gorbachev Urges Ban on Arms Tests

(Continued from Page 1)

test of Geneva's value would be whether the superpowers could agree on concrete steps to reduce nuclear arsenals.

But he praised the understanding recorded in their joint statement that declared that neither side would fight a nuclear war or try to attain military superiority.

The party leader received a standing ovation at the conclusion of his speech.

As Mr. Gorbachev told it, the United States was forced back to the arms negotiations in Geneva last March by the pressure of public opinion. Western diplomats

said, however, that it was the Soviet Union that bowed to world opinion and decided to return to the arms talks following their walkout at the end of 1983.

In a new sidelight to his view that both the Soviet Union and the United States must accept strategic parity rather than seek military superiority, Mr. Gorbachev added:

"We would not like, for instance, a change of the strategic balance in our favor because such a situation will enhance suspicion of the other side, will enhance instability of the overall situation."

Welcoming "certain elements of realism" in Mr. Reagan's remarks

last week, Mr. Gorbachev said: "The general balance sheet in Geneva is positive."

But he said the Soviet and American views of regional conflicts were completely at odds. The U.S. view is colored by its "imperialist" outlook, he said, while the Soviets will not agree to abandon friendly nations fighting to protect their independence.

Of Afghanistan, Mr. Gorbachev repeated the long-held Soviet view that a political solution could be achieved there if the United States first would halt its support to anti-government guerrillas fighting more than 100,000 Soviet troops.



Mikhail Gorbachev speaking to the Supreme Soviet.

London Cabbies Boycott Airport To Protest Levy

Reuters

LONDON — Taxi drivers began a boycott Wednesday of London's Heathrow Airport to protest a levy on fares, leaving travelers to use public transport for the 20 mile (32-kilometer) trip to the capital.

Drivers said they would refuse to pick up passengers at the airport, one of the world's busiest, until the 50-pence (74-cent) levy for the use of taxi ranks was lifted.

The British Airports Authority are holding the passengers to ransom, said a spokesman for the taxi drivers, who voted overwhelmingly in favor of the boycott at a mass meeting Tuesday.

He said the drivers planned to take their grievances to court.

New Tanzanian President Revives Hope for Zanzibar's Future

(Continued from Page 1)

quite happy. We don't experience any more shortages of food. Zanzibar is another country now. Now Mtwini is going to change Tanzania. The mainland is lucky."

Among the problems Mr. Mwin-

yi's government will face is the islands' high incidence of malaria.

In 1968, the regime of Sheikh Abeid Karume, reveling in a spirit of radical self-sufficiency, expelled a group of foreign aid workers who were trying to stamp out malaria.

By then, fewer than 7 percent of Zanzibar's residents and fewer than 1 percent of Pemba's were infected with the mosquito-borne disease. But within five years, upward of 70 percent of the population had suffered bouts.

"The incidence of malaria was very high," said Dr. Juma A. Muchi, the director of the Zanzibar Malaria Control Program, which was re-established in 1983 with \$7.4 million from the U.S. Agency for International Development.

"It was a real mistake to discontinue the program," Dr. Muchi said. "Malaria is a debilitating disease. If a big proportion of the population is suffering from it, people won't be able to work. Our goal now is to make malaria not a

health problem to the population." AID financing is to end in September 1987; under the Brooke Amendment, Tanzania is to lose all U.S. aid except for emergency assistance because it has ceased repaying loans to Washington. But the project's directors are hoping to avoid another resurgence.

"What we're trying to do now," Dr. Muchi said, "is reduce the degree of infection in the population by spraying and making drugs available. What we are doing is

working with the island's health centers so they can take over treatment, so they will be able to handle it when the money ends."

Others, like John Barist: DeSilva, an artist who paints watercolors to draw international attention to his city, hope the new government will help save the former slave-trading center that is decaying around them.

"I'm very concerned about Stone Town," Mr. DeSilva said, referring to the heart of the old Arabic city where most of the three-story buildings are 150 years old, and some date back three centuries. "These buildings, all they're made of is stone and mud and they need a lot of maintenance."

Mr. DeSilva said that people stopped caring for their buildings after the government confiscated all private houses immediately after the violent revolution of January 1964 that toppled the reigning sultan. "Many people left the country," he said. "And those that stayed no longer own their houses."

On the outskirts of the old town, a long line of concrete-block apartment houses looms over two broad intersecting boulevards. Built by the East Germans in the 1970s, the six-story buildings grate against the historic center like a rough file on ebony. "The policy was to put up a modern town," said Mr. DeSilva, a note of sadness in his voice.

He walked along a street, pointing to a carved door similar to those that front many old buildings here. "This all should be preserved," he said. "I know the government is interested. It just isn't cheap. If I can stimulate some interest, well, we can save Zanzibar."

WORLD BRIEFS

Sikhs' Highest Priest Is Wounded During Service at Golden Temple

AMRITSAR, India (AP) — Three gunmen shot and wounded Sahib Singh, the highest priest of the Sikh religion, on Wednesday, killing his bodyguard, the police said. The attack occurred before dawn inside the Golden Temple, the holiest Sikh shrine, while 15,000 people were through the shrine for a festival. Sahib Singh, 45, and a fellow priest, Kirpal Singh, were criticized for appearing on government-run television in June 1984 to play down the devastation and casualties when the Indian Army stormed the temple to drive out Sikh extremists.

The Amritsar police said that Sahib Singh received a death threat from Sikh extremists in September before the Punjab state elections, which were won by moderate Sikhs to whom he is close.

The assailants shot the bodyguard while the priest was kneeling before conducting prayers, then opened fire at Sahib Singh as he fled, a Golden Temple spokesman said. The three suspects escaped and the police launched a manhunt, cordoning off the entire Golden Temple complex and surrounding shops. Security was tightened throughout the state.



Sahib Singh

Greek Air Controllers on Hunger Strike

ATHENS (Reuters) — About 90 Greek airport workers on a hunger strike have collapsed on duty and three have suffered heart attacks, Athens airport sources said Wednesday.

The protest action strike was begun in support of demands for more pay and improved benefits. Under Greek law, air traffic controllers, electronics workers and administrative staff members are forbidden to stop work, but they have been refusing food and going without sleep since Monday. As a result, many have fainted from exhaustion.

Greece's national airline, Olympic Airways, canceled all but three flights Wednesday because of the danger to passenger safety. Meanwhile, the protest broadened with a call for all civil aviation personnel, totaling about 2,000, to join.

32 Nicaragua Children Reported Slain

CANBERRA, Australia (Reuters) — Foreign Minister Miguel d'Escoto Brockmann of Nicaragua said Wednesday that anti-government guerrillas killed 32 children Tuesday in a raid on a Nicaraguan school.

Father D'Escoto, who arrived Tuesday on a six-day visit to Australia, said that the 15-year-old son of his driver was one of those killed in the attack carried out by guerrillas, who he said fired machine guns at the children.

The foreign minister said he was told of the incident by telephone earlier in the day, but gave no other details. He made the assertion in an address at the National Press Club in Canberra, during which he called for an end to U.S. support for the guerrillas opposing Nicaragua's Sandinist government.

Boeing Orders Changes in 747s

SEATTLE (UPI) — Boeing Co. has instructed airlines and civil aviation authorities around the world to make structural modifications to their 747 jumbo jets. In a service bulletin, Boeing said that a cover should be attached to seal an inspection hole between the rear part of the 747 fuselage and the vertical stabilizer.

A Boeing official said Wednesday that the directive was not connected with the Japan Air Lines crash on Aug. 12 in which 520 people died. The plane's tail section was believed to have been blown away when pressurized air from the cabin burst through a flawed rear cabin bulkhead. But the causes of the crash have not been officially determined.

Japan Air Lines and the three other 747 operators in Japan already had ordered covers for their 747 jumbo jets. Japanese Transport Ministry officials said in Tokyo Wednesday.

U.S. Officer Cleared in Iran Arms Case

ORLANDO, Florida (AP) — A federal judge has dismissed charges against a U.S. Army artillery expert accused of participating in a plan to sell 1,140 anti-tank missiles to Iran, but has refused to throw out charges against six other defendants.

Judge G. Kendall Sharp dismissed the charges Tuesday against Lieutenant Colonel Wayne G. Gillespie of Alexandria, Virginia, after the government rested its case. The judge said that although the officer was videotaped inspecting two missiles at an informant's home, there was no evidence he knew that such missiles were supposed to be stolen or shipped to Iran.

The seven were accused July 31 in a conspiracy to pay \$10.12 million for the missiles and five surveillance cameras for use in jets. Iran has been barred from receiving U.S. weapons since 1979.

Pretoria Accepts Commonwealth Visit

JOHANNESBURG (AP) — The South African government agreed Wednesday to receive a delegation of Commonwealth nation officials who have expressed concern over apartheid, but warned against "intervention in the country's national affairs."

The Commonwealth, consisting of Britain and its former colonies, voted last month to send a fact-finding delegation to South Africa after Britain rejected demands by the Commonwealth majority to impose joint economic sanctions against South Africa. The delegation plans its visit for sometime next year.

Meanwhile, the police said Wednesday that anti-apartheid violence flared in nine South African communities. No new deaths were reported, but the police said at least three persons were burned in arson attacks.

For the Record

The Chicago City Council split along racial lines, 31 whites to 14 blacks, in a vote Tuesday to condemn Louis Farrakhan, the leader of the Nation of Islam, for anti-Semitic and racist remarks. (AP)

The Liberian head of state, Major General Samuel K. Doe, ordered the release Wednesday of five opposition leaders who were arrested following the abortive coup against his government Nov. 12. (AFP)

Michael Drummond, who survived nine days on an artificial heart before getting a donor heart from a 19-year-old victim of a motorcycle accident in Texas, was allowed on Tuesday to go home permanently to his family in Phoenix, Arizona. (UPI)

DOONESBURY



UNIVERSITY DEGREE
BACHELOR'S • MASTER'S • DOCTORATE
For Work, Academic, Life Experience.
Send detailed resume for free evaluation.
PACIFIC WESTERN UNIVERSITY
688 N. Sepulveda Blvd.,
Los Angeles, California
90049, Dept. 23, U.S.A.

EXPERIENCE COUNTS! NON-RESIDENTIAL DEGREE PROGRAMS
Students at any field may apply for professional Bachelor's, Master's or Doctoral degree programs in Management, Accounting, Marketing, Sales, and other business fields. Program designed for working professionals. Program published by the California Department of Education. Send resume to:
CALIFORNIA UNIVERSITY FOR ADVANCED STUDIES
School of Professional Management
Office of the Dean, Room 111
1001 Colli Drive,
Novato, CA 94947, (415) 382-1600.

Chilled
TIO PEPE
The natural aperitif.
Very Dry Sherry

SKI CAMP
le petit poucet
for boys and girls 4-12
Register for
Olympic-Feb-March Easter
Alpine Skiing Camp
CH-1894 Valley/Schwarzwald
Tel: (0725) 35 22 20
Fax: 4562 22 LPP+CH

Tax Reform: A Favor Here, a Favor There
(Continued from Page 1)
members of the Ways and Means Committee who approved the rules covering the exemptions by voice vote Friday night, knows of the favors given to the Florida congressmen. Like all the rest of these rules, they were purposely written to conceal the beneficiary.

Egypt Asks Malta to Extradite Hijacker
(Continued from Page 1)
meeting on Wednesday on ways to combat air piracy. Reuters reported from Cairo.
Rodney Wallis, security chief of the International Air Transport Association, defended Egypt's rescue mission at Valletta. "When negotiations stop and killings start," he said, "the assault commander must make a decision. Then nobody can criticize his decision."

Mr. Wallis said the meeting was set long before the hijacking. "It is an annual meeting held in any country agreed by the members," he said after the opening session. "It is held in Cairo by mere coincidence."

The EgyptAir chairman, Mohammed Fahim Rayan, said Egyptian airport officials would discuss airport security with an IATA team that flew from Geneva on Tuesday. An IATA spokesman said the team would also visit Athens.

U.S., Angolan Officials Meet on Role of UNITA, Nationhood for Namibia

By John M. Goshko
Washington Post Service

WASHINGTON — A senior official in the Reagan administration began meetings Wednesday in Lusaka with high officials from Angola to assess the chances for a political settlement in the Angolan civil war.

Charles A. Crocker, assistant secretary of state for African affairs, met with the Angolan interior minister, Manuel Alexandre Rodrigues, in Lusaka. The Angolan delegation also includes Franca Van Dunen, the deputy foreign minister. The two sides were to meet again Thursday.

U.S. officials said that Mr. Crocker wanted to determine whether the Marxist government of Angola was willing to negotiate with anti-Communist insurgents. The Reagan administration is considering the resumption of covert aid to the guerrillas.

The officials said that Mr. Crocker also would be exploring Angola's willingness to cooperate with U.S. proposals, made in March, for withdrawing Cuban forces from Angola as part of a settlement of regional tensions. The settlement would include independence for the South African-controlled territory of South-West Africa, also known as Namibia.

The State Department, in announcing Mr. Crocker's mission on Tuesday, sought publicly to stress the Angola-Namibia link.

But the talks also have potential major implications for the internal Angolan conflict because of the Reagan administration's desire to resume covert aid to the insurgents, led by Jonas Savimbi.

The rebel group, known by its Portuguese acronym of UNITA, has been fighting for years against the Marxist government, which is supported by Cuba and the Soviet Union.

While declining to give specifics of what Mr. Crocker would say, the officials hinted that he might tell Mr. Rodrigues that the United States was prepared to hold off any new aid to UNITA if the Angolan government showed signs of willingness to talk with Mr. Savimbi about forming a reconciliation government with a role for his group.

President Ronald Reagan first mentioned the administration's wish to aid UNITA last week. Secretary of State George P. Shultz amplified Mr. Reagan's remarks, saying in a television interview Sunday that the administration supported UNITA's "freedom fighting" and wanted to help that effort "in a way that's effective."

Mr. Shultz's remarks were understood to mean that the administration would rather aid UNITA covertly than accept a plan in Congress that would provide \$27 million in overt humanitarian aid.

The administration is said to believe that open U.S. alignment with UNITA would force Washington into a closer alliance with South Africa, the rebels' principal source of support, and would undermine U.S. efforts to pressure Pretoria to change its apartheid system of racial separation.

Earlier this week a group of 101 congressmen urged Mr. Reagan not to go ahead with covert aid. They argued that any aid to UNITA, whether secret or overt, might

damage U.S. relations with governments throughout Africa and undermine policy objectives in South Africa.

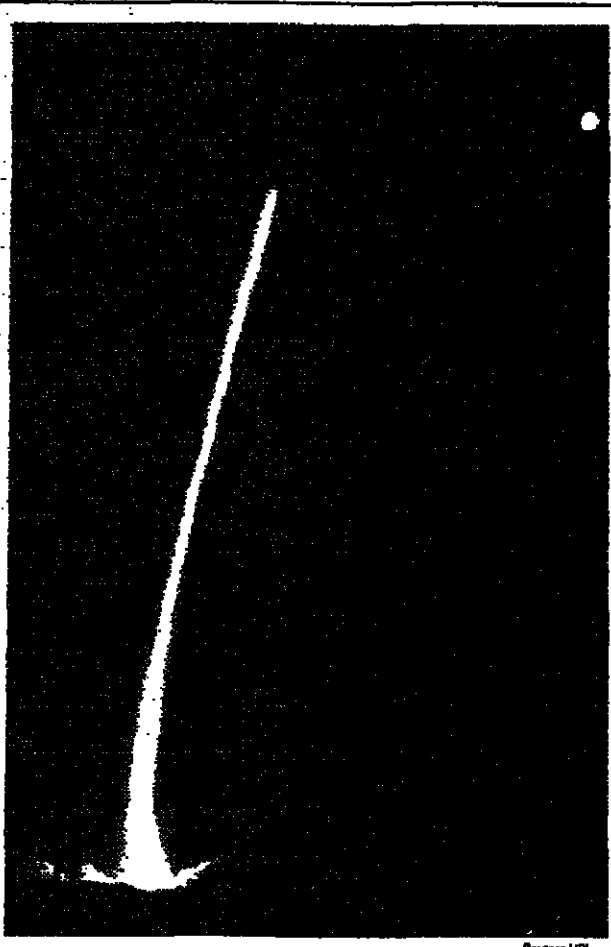
A State Department spokesman, Charles E. Redman, was asked Tuesday about U.S. aims in the Lusaka meetings. He referred several times to Mr. Shultz's comment and repeated that the administration sought a negotiated settlement to the problems of the region.

With regard to Namibia, the administration called in March for talks on establishing a timetable for Cuban withdrawal. It argued that South Africa would not surrender its hold on the territory as long as Cuban troops remained in Angola.

Although Angola has expressed a willingness to remove Cuban troops from the southern part of the country, it has not agreed to send the Cubans home.

"We expect Angola, as well as South Africa, to be prepared to respond to our ideas constructively and promptly," Mr. Redman said. "Both governments have assured us recently that they want to work with us on that basis."

President José Eduardo dos Santos of Angola conferred last month at the United Nations with Michael J. Annas, U.S. undersecretary of state for political affairs. U.S. officials said that the preliminary arrangements for the Lusaka meeting were made then.



INTO ORBIT — The U.S. space shuttle Atlantis lifted off Tuesday from Cape Canaveral, Florida, on a clear night with a bright moon. It was visible in Columbia, South Carolina, 400 miles to the north; Miami, 200 miles to the south; Key West, 420 miles southwest; and St. Petersburg, 150 miles west. The shuttle crew deployed a \$42-million Mexican communications satellite.

4 U.S. Senators Urge Marcos to Ensure 'Free and Fair' Voting

New York Times Service

WASHINGTON — Four members of the Senate Foreign Relations Committee have sent a letter to President Ferdinand E. Marcos of the Philippines saying it is "essential" that the coming elections there "be conducted in a free and fair manner."

The letter, dated Friday, was made public Tuesday by Senator Richard G. Lugar, an Indiana Republican and chairman of the Foreign Relations Committee. It also was signed by Senators Claiborne Pell of Rhode Island, the ranking

Democrat on the committee; Frank H. Murkowski, a Republican of Alaska, chairman of the subcommittee on East Asian and Pacific affairs; and Alan Cranston of California, the ranking Democrat on the subcommittee.

The Reagan administration and Congress are increasing pressure on Mr. Marcos to carry out political changes at a time of growing political, economic and security problems in the Philippines.

"We believe that the Philippines is at a crossroads," the letter said. "If the elections are not free and

fair, we fear that many Filipinos will despair of the prospects for peaceful political change and will conclude that they have no choice but to resort to violent means as a way of bringing about change."

"In order to avert this tragic possibility, which would have such far-reaching consequences for both the Philippines and the United States," it said, "we urge you to take the steps that are necessary to ensure that the elections are free and fair."

Mr. Marcos's current six-year term runs until 1987. He proposed an early election, scheduled for

February, to resolve doubts about the stability of his 20-year rule.

■ Mrs. Aquino May Run

Corazon Aquino, 52, widow of the assassinated opposition leader Benigno S. Aquino Jr., signaled Wednesday that she might be ready to run against Mr. Marcos, Reuters reported from Manila, in the northern Philippines.

"I will never be able to forgive myself if I live with the knowledge I could have done something and didn't do anything," she said at a rally in the Aquino family hometown.

"This is what is in my heart and my mind," Mrs. Aquino declared, adding that she would make her decision known when the election bill is signed by Mr. Marcos.

"All that I am asking is let us get ready," she added. "Let us prepare ourselves for sacrifices."

The rally and a church service in Tarlac, 75 miles (125 kilometers) north of Manila, commemorated what would have been the 53d birthday of her husband, who was shot to death at Manila International Airport in August 1983.

Ronald William Pelton

Spying Allegedly Started After Years of Financial Struggle

By Sharon LaFraniere
and Susan Schmidt
Washington Post Service

WASHINGTON — Ronald William Pelton, arrested this week in Annapolis, Maryland, on espionage charges, struggled financially for years before he allegedly decided to spy for the Soviet Union.

In the months just before the FBI says Mr. Pelton made contact with a Soviet agent, matters went from bad to worse.

Mr. Pelton, his wife and four children had been living for almost four years in what a neighbor described as "abject poverty" in a rural section of Howard County, Maryland.

In 1979, he left his \$24,500-a-year job at the National Security Agency at Fort Meade, Maryland, where he had worked for 14 years. In early 1980, an FBI affidavit presented at Mr. Pelton's arraignment Monday alleges, Mr. Pelton made contact with the Soviet

Union and began passing sensitive information about U.S. intelligence activities directed against Moscow that he had gleaned from his tenure at the agency.

The FBI said he had admitted to spying for Moscow, but his attorney, Fred Warren Bennett, said such statements do not necessarily constitute confessions.

Mr. Pelton, 44, grew up in Benton Harbor, Michigan, a small town on the far western edge of the state. He graduated in the top quarter of his class at Benton Harbor High School, according to a school spokesman.

After graduation he joined the military, according to the spokesman. He was then hired by the National Security Agency in 1965. By the late 1970s, despite his income as a communications specialist, the Peltons were living in a decrepit farmhouse near the small town of Lisbon.

"The guy was pretty destitute,"

said one of the family's closest neighbors. "The house was a wreck. He bought a camper and I think they were sleeping in the camper most of the time."

By the time the property was put up for sale in 1980 the Peltons were six months behind in mortgage payments and owed \$420 in property taxes, according to Dale Magnuson, who bought the property, and his attorney, Malcolm Kane.

By the spring of this year, Mr. Pelton was telling acquaintances that he was president of a health club in the Georgetown area of Washington. He separated from his wife, Judith, in July or August, according to his attorney, and was soon seen with a woman named Ann. Mr. Pelton told friends she was his girlfriend.

Reached by telephone Tuesday, the woman refused to comment. "I've just been out walking for miles and miles," she said. "You don't understand. My man is gone. I got nothing. I got no money."

She said she would comment later but added, "I'm going to charge for it, though. It's going to cost. It's that simple."



Ronald William Pelton, right, who is charged with spying.

Jonathan Jay Pollard

Acquaintance Says He Boasted of Working for Israelis

By Robert Pear
New York Times Service

WASHINGTON — Jonathan Jay Pollard, a civilian counterintelligence analyst for the U.S. Navy who was accused last week of spying for the Israeli government, has boasted for 10 years of colorful international exploits, including service to the Israelis.

Jonathan V. Marshall, who graduated with Mr. Pollard from Stanford University in 1976, said his classmate "claimed frequently to be a colonel in the Israeli military and to have worked for Mossad," Israel's foreign intelligence agency.

Later, while still in college, Mr. Marshall recalled, Mr. Pollard said he was a captain in the Mossad. "That discrepancy indicated he wasn't telling the truth all the time," Mr. Marshall said.

However, Mr. Marshall, who is now editorial page editor of The Tribune in Oakland, California, said his classmate "was unusually well-informed and quite articulate and made what might otherwise have been an outlandish series of claims quite convincing."

Mr. Marshall said he concluded at the time that Mr. Pollard might indeed have some connections with Israeli intelligence but that he probably had embroidered his role. Mr. Pollard was born in Galveston, Texas, on Aug. 7, 1954, and grew up in South Bend, Indiana. His father, Morris Pollard, is a professor and a microbiologist at the University of Notre Dame.

After graduating from Stanford, the younger Pollard, known as Jay, attended the Fletcher School of Law and Diplomacy at Tufts University in Massachusetts.

John LeBoutillier, a New York Republican who served in the U.S. House of Representatives from 1981 to 1983, said he met Mr. Pollard last fall after giving a speech about U.S. press coverage of war still being held in Indochina.

After six to eight more contacts, Mr. LeBoutillier said, "I realized that I was dealing not with a sophisticated agent of the U.S. government, but with a guy who was full of hot air, full of exaggeration."

Mr. LeBoutillier said Mr. Pollard asserted in October or November 1984 that he was going to Monaco and Pakistan. About four weeks later Mr. Pollard told the former congressman that he had just returned from those countries. Federal law enforcement officials said they did not necessarily believe the stories about Pakistan but did believe he had sold information to Israel.



Larry Wu-Tai Chin

U.S. Officials Say Damage From Espionage Is Immense

(Continued from Page 1)

damage beyond calculation" by enabling Soviet officials to alter their behavior in ways that render multi-million-dollar satellites and other devices virtually useless.

Federal officials said that Mr. Pollard had admitted spying for five years, beginning in 1980. If Soviet officials have known some of the National Security Agency's secret capabilities all that time, officials said, they could have used that knowledge to feed false or misleading information.

Senator Malcolm Wallop, a Wyoming Republican who was a member of the Senate Select Committee on Intelligence until this year, has been especially critical of the security agency's programs for detecting spies within the agency.

"They have no counterintelligence," he said. "They have no systems or methods for assessing our systems and how they might be discovered and perhaps used against us."

Agency officials would not com-

ment on their counterintelligence programs, but a former senior intelligence official said Mr. Wallop's assertions "are absolutely untrue," Court documents filed as part of the case against Mr. Pollard said that he had met Soviet intelligence officials in Vienna at least twice, in 1980 and 1983.

In the case of Mr. Chin, the initial public assessment by intelligence officials was that his alleged disclosures had been significantly less damaging than those of Mr. Pollard. But officials said Tuesday they were not so sanguine.

■ China Denies Connection
In Beijing, the Chinese government denied Wednesday that it had any connection with Mr. Chin, Reuters reported. "The accusation made by the U.S. side is groundless," said Li Xiaoming, a Foreign Ministry official.

In Israel, the state radio said an Israeli diplomat had been recalled because he had contacts with Mr. Pollard, Reuters reported in Tel Aviv.

DIAMONDS

YOUR BEST BUY

Single diamonds at wholesale prices by direct import from Antwerp, the world's most important cut-diamond market. Give diamonds to the ones you love, buy for investment, for your enjoyment. Write airmail for free price list or call us:

Joachim Goldenstein
diamondexpert
Established 1928
Pellikaanstraat 62, B-2018 Antwerp, Belgium - Tel. (02) 51 524.51.
Telex: 71779 gyl b.
at the Diamond Club Bldg.

Gold Medal

"The T70 offers the beginner decision-free photography... the experienced photographer has a camera unsurpassed in versatility."

A quote from 'SLR Camera' in the U.K.

Canon T70
European camera of the year '84.

TRAVELLERS REASSURED 'WATER IN BOMBAY SAFE TO DRINK'

Based on his long and intimate acquaintance with Bombay our foreign correspondent writes:

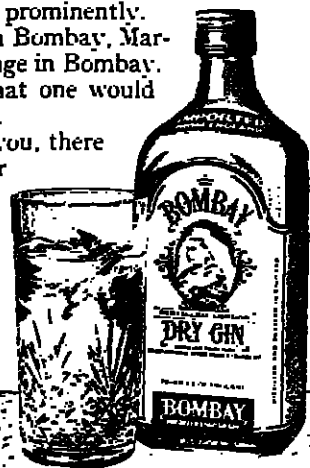
"Of all the things that people drink in Bombay, water has never figured prominently."

Most prefer Tonic in Bombay, Martini in Bombay or Orange in Bombay.

Indeed, anything that one would usually mix in Bombay.

But, let me assure you, there is no need to stay clear of the water.

Those rumours which infer that water does not mix with this most distinctive of Imported London Dry Gins are well and truly ill-founded."



WORLD BRIEFS

Highest Priest Is Wounded
Service at Golden Temple

Air Controllers on Hunger Strike

Children Reported

Changes in '84

Iran Arms

Commonwealth

Herald Tribune

Published With The New York Times and The Washington Post

Israel: Spying on a Friend

Two worlds intersect in the case of the civilian Navy counterintelligence analyst arrested on espionage charges while bolting into the Israeli Embassy. One is the secret world of espionage. There, it is no surprise to find that some Israelis have been spying on the United States. No doubt people consumed by the sense of living on a narrow security margin find it difficult to forgo an activity that they think might widen that margin.

For the purpose of espionage is not simply to keep an eye on one's enemies. It is to keep from being surprised, and one's friends can cause surprises no less disruptive—sometimes more so—than one's enemies. As generous as the United States is to Israel, there cannot fail to be things the Israelis feel they could learn that would reduce still further the chance of someday being surprised.

It was precisely to reduce the chance of surprise, says one source, that the United States dispatched the USS Liberty to spy electronically on Israel and the Arab combatants in the 1967 Middle East war. The Israelis shot up the ship in an incident the bad memory of which lingers still. But a prudent person has to hope that Washington did not then decide there was no further reason to keep an eye on Israel.

Meanwhile, however, there is also the open world of politics in which some limitations must be imposed on the ways the two sides seek information about each other. This is the

world evoked by President Reagan's reported question, "Why are they doing it?" Indeed, how could the Israelis spy, in an intrusive risky fashion, on the country that is their leading strategic and financial support and already their partner in extensive intelligence collaboration? The Israelis are holding their own discussions about who is to blame, and it is important to remember that it is not yet known just who authorized this operation or at what level it was conducted. Still, it is enough for Americans to find that some representative of a friendly state saw fit to conduct the kind of operation against its patron that is usually associated with the intrigues of hostile powers.

The value of whatever may have been taken from the files cannot possibly come near outweighing the value of what may yet be taken from the relationship. The notion that an ostensibly friendly intelligence service could not keep its distance from an American civil servant does violence to the mutual trust that Israeli officials regularly describe as the sine qua non of American-Israeli relations.

No doubt many people will now feel that the first priority is to contain any damage done to American-Israeli ties. Others will feel a sense of deep and painful puzzlement. The American courts will handle the case of the Navy suspect. The more interesting question is what the Israelis will say about what was going on.

—THE WASHINGTON POST.

The Lesson From Medvid

Officials of the U.S. Immigration and Naturalization Service have now completed an investigation of the incident in which two border patrolmen returned a Soviet seaman, Miroslav Medvid, to his ship. They recommended that the agents be demoted in rank and suspended without pay for 45 and 90 days. What are the general rules, and how should the Border Patrol have responded?

About 15,000 foreigners seek political asylum in America each year. These include immigrants from Central America, touring artists and sports figures from Communist countries, and innumerable ship-jumping seamen from all around the globe. Each has exactly the same rights under the law to apply for political asylum and to have his case adjudicated in a hearing and on appeal. The rule is that no one seeking asylum is ever returned to his homeland against his will until all the person's legal remedies have been exhausted.

Twice in the past five years, a person seeking asylum has been, through error, sent home before his legal review ended, but in both cases America won his return to the United States.

Under INS regulations, asylum requests filed by citizens of certain countries, primarily the Soviet bloc and China, are treated on an expedited basis. The explanation is that this is necessary so that if the decision is adverse, the person has a chance of returning home within a few days, perhaps before his government

knows he has tried to leave, since these countries have a well-known history of punishing citizens for the simple act of trying to leave; most other countries do not.

The Medvid case should have been handled in this manner. A preordained series of phone calls — to supervisors, to INS in Washington and to the State Department — should have been made immediately. The trouble in this case is that the border patrolmen maintain they were told by a translator that the seaman did not want asylum. Whether this was due to a foul-up in translation, a bad phone connection or the heavy accent of the translator is not known. Moreover, the officers turned Mr. Medvid over to local agents of the Soviet ship and were not even present when his struggle and second leap into the water took place. American officials later took him back ashore; by this time ship officials had talked to him, and he insisted he wanted to go home.

It was a serious failure of judgment not to have been especially careful with a Soviet seaman. There was reason to be skeptical of the long-distance translation. The border patrolmen were slow to seek the advice of supervisors. For this the patrolmen are being punished. As a general rule all persons seeking asylum in America are given every opportunity to make their case and to remain there while they do. That is the way it should be.

—THE WASHINGTON POST.

The Road to Thanksgiving

For many of us, the Thanksgiving journey will involve something far more hazardous than going over the river and through the woods. The paths to holiday get-togethers are fast lanes, loaded with deadly dangers on this busiest travel weekend of the year. We'll underline the familiar public service warning about safe driving, although it never seems to be heard by the worst offenders: the kill-drivers who have been drinking. If it makes any further difference, those who intend to partake of any spirit should be advised that police throughout this region and up and down the coast will not be taking a holiday. They will be on, off and above the roads, with radar to catch the motoring lawbreakers.

So much for that legendary "other" driver, that "someone else" who is always regarded as the real threat on the road. The best move the rest of us can make is to keep drinkers away from the driver's seat. That's been the message all fall from the Washington Regional Alcohol Program, a coalition that has been coming up with practical suggestions on mass temperance. With the cooperation of restaurants, bars, hotels, auto dealers and civic leaders throughout the region, WRAP is urging groups of people to designate one person to abstain from alcohol and to do the driving for the rest. That's not complicated or demanding mission. It could prove to be the life of the party.

—THE WASHINGTON POST.

Other Opinion

Hijacking and Libyan Links

Egypt has yet to produce the conclusive evidence which it says links Colonel Moamer Qadhafi's Libya with the murderous hijacking of the Egyptian Boeing. The colonel already has so much to answer for that Egyptian suspicions will get a sympathetic hearing, but so far hijacking has not been one of his specialties, nor that of the other chief suspect, Abu Nidal's terrorist group, whose force is assassination.

It may be that the usual motives were absent in this case and that the hijackers simply wanted to blow up the plane, which had symbolic meaning as the vehicle by which the

Achille Lauro crowd came to justice in Italy. Egypt has, however, been deliberately beleaguered by Libyan plots against it and by the incessant accusations of betrayal emanating from Tripoli. Thus, even if there is no such thing as the "Egypt's Revolution" organization, in whose name the hijackers claimed to be acting, their work served the colonel's purposes very well — more so, indeed, than they could have expected when the rescue attempt went so disastrously awry.

Whatever the truth of the Egyptian allegations against Libya the tension between the two countries is becoming dangerously high.

—The Guardian (London).

FROM OUR NOV. 28 PAGES, 75 AND 50 YEARS AGO

1910: China Weighs Currency Reform
PARIS — China's National Assembly is reforming the currency system. Anything more complicated than the existing system in China could not be imagined except by a madman. The standard of value throughout the Empire is not a coin, but a weight of silver, the tael, and this weight varies in different provinces. There is the Haikwan tael, the Keping tael, the Hankow tael, the Shanghai tael. As the price of silver fluctuates, it is necessary, in commercial transactions, not only to bear in mind the current rate of exchange, but also to remember what particular tael is being considered. Every commercial transaction necessitates a most complicated mathematical operation. One of the first undertakings of "Young China" must be the establishment of a uniform coinage in the Empire and the creation of a Mint.

1935: Hitler Links Bolshevism to Jews
BERLIN — "Germany is the bulwark of the West against Bolshevism and in combating it will meet propaganda with propaganda, terror with terror, and violence with violence," said Führer and Reichschancellor Hitler in a recent interview. Questioned as to the grounds for Jewish legislation passed in the Reichstag session at Nuremberg in September (forbidding marriages between Jews and persons of German blood and nullifying most civil rights for Jews), the Führer said: "The necessity of combating Bolshevism is one of the fundamental reasons for the Jewish legislation. This legislation is not anti-Jewish, but it is pro-German. Through these laws the rights of the Germans shall be protected against destructive Jewish influences." He said that practically all Bolshevik agitators in Germany had been Jews.

Egypt's Deepening Dilemma as Sick Man of Arab World

By Joseph Kraft

WASHINGTON — World War I started because Austria and Turkey could not keep order in the Balkans. China's inability to make its writ run outside Beijing contributed to World War II.

Egypt's recent troubles acquire their true dimensions against that background. Because of internal weakness Cairo cannot live up to international commitments, and the repeated defaults threaten security across a wide area.

Anwar Sadat and the fall of the Shah in Iran made Egypt the prime regional power in the most turbulent part of the world. In the Camp David accords Cairo undertook to keep peace with Israel and to work for Palestinian self-rule. The Israeli connection, by implication, obliged the Egyptians to hold the line against radical Arab nationalism — directly on the border with Libya, and indirectly in sustaining moderate regimes in Jordan and Sudan.

Domestic disorders, however, make it hard for the authorities in Cairo even to police their own domain. The narrow valley of the Nile does not produce enough food to feed Egypt's teeming villages. Economic growth has been slow and uneven. Literacy runs to about 55 percent. The state services are bloated, corrupt and dead in morale. In the race to catch up with the 20th century, Egypt is falling farther behind.

Islamic fundamentalism, with its anti-Western and Pan-Arab accent, thrives in that climate. The Moslem Brotherhood, it should not be forgotten, started back in the 1920s in Ismailia, the company town of Britain's Suez Canal administration. New growth has flowered among students, in the press, the civil service and within the armed forces.

Soldiers were part of the Islamic group that gunned down Mr. Sadat in

1981. His successor, Hosni Mubarak, has never been able to control the movement. Worry about the internal opposition has repeatedly caused the Egyptian president to pull punches and duck responsibilities.

Sudan represents the most grievous example. Because of its control of the upper Nile that country has a finger on the Egyptian windpipe. Its former leader, Gaafar Nimeri, was an Egyptian protégé, one of the very few in the region who did not disown Cairo after Camp David. But the Egyptians did nothing when he was overthrown in April. They sat on their hands while the new Sudanese leaders came to terms with Egypt's sworn enemy, Colonel Moamer Qadhafi of Libya. The only response since then has been exposure of a vague Libyan "plot" against Egyptian internal security.

Jordan presents another case in point. After the Achille Lauro affair, King Hussein took his distances from Yasser Arafat, the leader of the Palestine Liberation Organization. King Hussein's clear purpose was to hold Mr. Arafat at arm's length until the PLO agreed to moderate its terrorist activities.

But that strategy was undermined early this month when Mr. Mubarak embraced Mr. Arafat in Cairo. Though Mr. Arafat pledged himself to restrict terrorist activities, his aides immediately swore the vow. In effect Mr. Mubarak compromised King Hussein to gain PLO support for Egyptian rapprochement with the rest of the Arab world.

Terrorism has elicited a similarly ambiguous response from the Egyptian authorities. They allowed the desert sands to close over the assassins of an Israeli diplomat in Cairo. Security officials were responsible for

shooting seven Israeli tourists, and then denying them medical help. In the Achille Lauro affair, Mr. Mubarak first negotiated the surrender of the gunman, and then connived at the escape of his leader.

Criticism of that wavering probably induced Mr. Mubarak to send commands when hijackers seized an Egyptian airliner after it had left Athens airport and forced it to land in Malta. Second-guessing the assault and its unhappy end is perhaps not fair. Systematic slaughter of passengers justified a rescue mission, and the operation was risky. But it is fair to ask what the four security guards

aboard the plane were doing when the terrorists seized control.

The flames that spread through the plane thus illuminated a double tragedy. Sixty innocent persons were killed. Another devastating blow was dealt to Egyptian self-confidence. Despite the noises about Libya coming from Cairo, it will be harder for Mr. Mubarak and his associates to play the role of regional peacekeeper assigned by history and geography.

Egypt's friends can do more than simply bemoan the pity of things. They can stop pretending that Mr. Mubarak rules over a hard state in firm control of a coherent nation. In

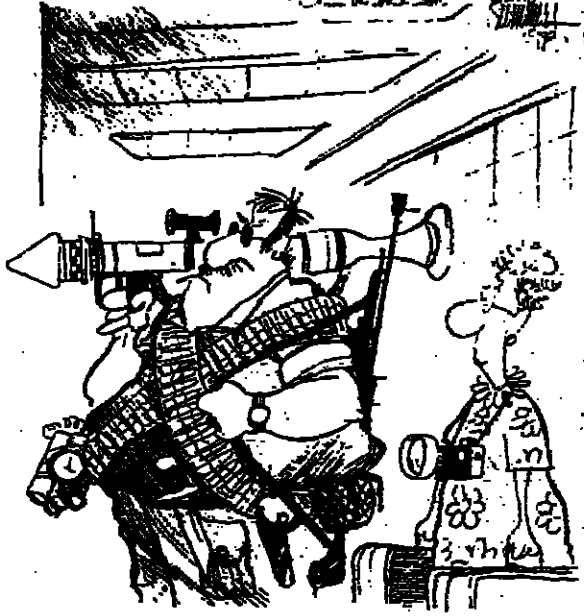
fact he must maneuver among many factions through a civil service that has lost its nerve and an army riddled with corruption. Egypt is the sick man of the Arab world. Mr. Mubarak is no more the heir of the Pharaohs than the Greek leader Andreas Papandreu is a modern-day Pericles. For America that means taking care not to overburden a hapless ally. Pursuing terrorists yields priority to the maintenance of a friendly regime in Cairo. As to the Israelis, and those of us who support Israel, an interesting question requires constantly fresh assessment: What doth it profit a nation to save its life and let the world around go up in flames?

Los Angeles Times Syndicate.

ATHENS AIRPORT



'That old lady's camera looks a little suspicious.'



Summit Leaves Room for Reagan, Gorbachev to Make Progress

By Flora Lewis

BRUSSELS — There is no ambiguity in the delighted European reaction to the Geneva summit meeting. Senior officials at NATO headquarters in Brussels confess it stems in part from relief. They had feared something would go seriously wrong, if only by misadventure.

But there is also unstinting admiration for the way President Reagan handled his first meeting with Mikhail Gorbachev and a satisfied sense that things are going to be a bit easier for everyone from now on.

Prime Minister Margaret Thatcher of Britain was the only one to caution against euphoria at the North Atlantic Treaty Organization's summit conference just after Geneva. Whether Washington likes it or not, serious expectations have been unleashed.

For a number of allies with strong domestic peace movements, among them West Germany, Britain, Denmark and the Netherlands, being able to call the summit meeting a success is a welcome internal political gain. It will take the spirit out of demonstrations and make it harder to mobilize anti-American opinion.

Eastern Europeans are also pleased. Mr. Gorbachev has signaled that he intends to be tough on both economic and political issues inside the Soviet bloc. But the Easterners always manage to wangle a little more elbow room when Soviet-American tensions are eased, and they look forward to doing so again.

One aspect of the summit session

that will anger rightist Americans but that will also soothe official European apprehensions on both sides, is the concession Mr. Reagan made on how to pursue the human rights issue.

The president told NATO that he explained in his private talks with Mr. Gorbachev the fundamental importance of human rights concerns for the American people and Congress. "It is part of our ideology, it is very profound," is how one official quoted Mr. Reagan as saying. But the president went on to say he had told Gorbachev that the United States would not seek to exploit human rights politically, that it would make less noise and be quieter about the cases taken up.

That was already reflected in the Reagan-Gorbachev joint statement, where the question of rights was renamed "humanitarian" problems, less galling to the Russians. Mr. Reagan also told his own staff he saw that the United States had been pushing too hard on this point and had to find a better way to do it.

In this switch, he has tilted back toward classical diplomacy, which puts trying to get a point across with a minimum of friction ahead of making a propaganda score. It remains to be seen how this will be worked out, but it added to the European sense that even though very high negotiations are ahead, the danger of East-West confrontation has passed.

A veteran Belgian diplomat, André de Staercke, who retired in 1976 after a lifetime of involvement in international crises, said he sensed at last that the advice Cardinal Richelieu gave King Louis XIII was being accepted. The cardinal told the king that when he first came to serve, he thought the king's position was the best on everything. "The king had learned it was essential to negotiate all the time with everyone, and especially Rome." In these days, for Rome read Moscow.

Mr. De Staercke then turned to the Book of Revelation, quoting St. John's letter to the Church in Philadelphia, which says, "Behold, I have set before thee an open door and no man can shut it." That is the door of salvation. The implication was that people around the world will not tolerate having their new hopes dashed again and will demand that the superpowers now move on.

Although Mr. Reagan got Mr. Gorbachev to drop threats of breaking up the summit meeting unless these weapons gave on "star wars," in European eyes the president has engaged himself personally and deeply in the pursuit of an accord with Moscow. Whether Mr. Reagan intends it or not, it tips him away from those Americans against compromise.

Already, European officials are looking for ways to exploit the new atmosphere in their own interests. This is particularly true of West Germany, preparing to push again for more accords with East Germany. Chancellor Helmut Kohl's conservative government is just as eager for accommodation with East Berlin as are the opposition Socialists.

This is the kind of response that Washington was worrying and warning about with its deliberately low-key approach to the summit meeting. And it has developed even without any substantive progress. But it is not at all bad that the two most powerful leaders have edged themselves into constraints for improving the chance of peace. They have kindled hopes that will press them to deliver.

The New York Times.

It's the Time Again to Give Thanks, But for What?

By James Reston

WASHINGTON — Thoughtful citizens of the United States cannot reflect on the sufferings of the world in 1985 without counting the blessings of America on Thanksgiving Day.

It was a year of natural disasters in Mexico and Colombia; of famine in Ethiopia and sub-Saharan Africa that could take more lives than the first World War; of calamitous wars along in the Gulf and in Southeast Asia; of racial violence in South Africa, and terrorism.

It was also a year of widespread unemployment in Western Europe (12.6 million in September), of millions of refugees scrambling from one country of political tension to another, often illegally, and of an arms race costing over \$700 billion in this year alone.

Even though glimpses of this appalling human sorrow and carnage were more vivid on our television screens this year than ever before, the magnitude of the human tragedy and the cost of containing it is still almost beyond comprehension.

Yet it may be useful in this age of drift and hallucination to recall the foundations of the first Thanksgiving Day celebrations.

The Puritans were undoubtedly motivated primarily by gratitude for survival, but also by something more. They believed their prosperity had come from their industry, discipline and virtue and not their virtue from their prosperity.

More than that, they believed that they were their brothers' keepers and had survived by helping one another; that they were the trustees for future generations and were to set an example for a civilized world.

Later the Jeffersonians argued

that these principles were a practical guide to life; for if each citizen found contentment in a justly and richly rewarded toil, that citizen would not be disposed to take advantage of his neighbor.

Even this secular age would have to agree that this older spiritual shield is worth preserving while the scientists produce a nuclear shield for their own promised land.

For if, in our clash of philosophy with the Communist states, we say that the individual does not belong to the state, we must keep defining what the individual does belong to. The Puritans sensed it, but the Founding Fathers defined it better than anybody before or since. They said man belonged to his creator and since man was, therefore, an immortal soul, he possessed inalienable rights as a person and was honor bound under constitutional representative government to respect the rights of others and practice the courtesy of the spirit.

Walter Lippmann called this "the forgotten foundation of democracy," and wondered if democracy could endure at home or withstand its enemies abroad unless it remembered where it came from.

"The decay of decency in the modern age," he wrote, "the rebellion against law and good faith, the treatment of human beings as things, as mere instruments of power and ambition, is the consequence of the decay of the belief in man as something more than an animal animated by highly conditioned reflexes and chemical reactions."

"If you teach a people that the character of its government is not greatly important, that political success is for those who equivocate and evade; that acquisitiveness is the ideal; that Mammon is God, then you must not be astonished at the confusion in Washington. You cannot set up false gods to confuse the people and not pay the penalty."

Here endeth the lesson. It was not

intended by Mr. Lippmann as a sermon — he died without religious faith — but it was meant as a warning that a secular society that forgets its roots risks losing the spirit that holds a nation together.

There has been much evidence in recent years of confusion over what defends a nation. The overwhelming emphasis has been on military power, which was necessary, but at the expense of many other attributes of national security.

America has much to give thanks for: 107,867,000 employed, and perhaps the beginnings of reduced tension with the Soviet Union. But 8,291,000 unemployed; the biggest debt in the republic's history; chaos on its southern border; and administration figures showing over 33 million Americans are below the poverty line. And a hungry world that could soon be spending a trillion dollars a year on arms?

We have a democratic system to be thankful for. But what about the forgotten foundation?

The New York Times.

A Family Celebration for Individuals

By Ellen Goodman

BOSTON — Soon they will be together again, all the people who travel between their own lives and each other's. The package tour of the season will lure them this week to the family table.

On Thursday, feast day, family day, Thanksgiving Day, Americans who value individualism like no other people will collect around tables in a ritual of belonging.

They will assemble their families

in theory, the world rewards "the supreme importance" of the individual, the ego. We think alone. We write music and literature with an enlarged sense of self. We are grateful, paid, hired and fired, on our own merit. Individualism is both exciting and cruel. Here is where only the fittest survive.

The family, on the other hand, at its best, works very differently. We don't have to achieve to be accepted by our families. We just have to be. Our membership is not based on credentials but on birth.

Malraux said: "A friend loves you for your intelligence, a mistress for your charm, but your family's love is unreasoning: You were born into it and of its flesh and blood."

The family is formed not for the survival of the fittest but for the weakest. It is not an economic unit but an emotional one. This is not the place where people ruthlessly compete with each other but where they work for each other. Its business is taking care, and when it works, it is not callous but kind.

So we commune daily, weekly and yearly between one world and another. Between a life as a family member that can be either nurturing or smothering. Between existence as an individual that can liberate us or flatten us. We vacillate between two separate sets of demands and possibilities.

The people who will gather around this table Thursday live in both of these worlds, a part of and apart from each other. With luck, the territory they travel from one to another can be a fertile one, a place where "I" and "we" interact.

On this day at least, they will bring to each other something both special and something to be shared: these separate selves.

Washington Post Writers Group.



By Dana Summers in The Orlando Sentinel. Copyright 1985.

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER

Co-Chairmen

LEE W. HUBNER, Publisher

PHILIP M. FOISIE
WALTER WELLS
SAMUEL ABT
ROBERT K. MCCABE
CARL GEWIRTZ

Executive Editor
Editor
Deputy Editor
Deputy Editor
Associate Editor

RENE BONDY
ALAIN LECOUR
RICHARD H. MORGAN
STEPHEN W. CONAWAY
FRANCOIS DESMAISONS

Deputy Publisher
Associate Publisher
Associate Publisher
Director of Operations
Director of Circulation

ROLF D. KRANZBUHL, Director of Advertising Sales

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 47.47.12.65. Telex: 612718 (Herald). Cables Herald Paris. ISSN: 0294-8052.

Directeur de la publication: Walter N. Thayer.

Managing Dir. Asia: Makin Giam, 24-34 Hennessy Rd., Hong Kong. Tel. 2-255618. Telex 61170. Managing Dir. U.K.: Robin Mackintosh, 63 Long Ave., London WC2. Tel. 836-4802. Telex 262009.

Gen. Mgr. W. Germany: W. Lasterbach, Friedrichstr. 15, 6000 Frankfurt M. Tel. (069) 726755. Telex 416721. S.A. au capital de 1.200.000 F. RCS Nanterre B 732011/126. Commission Paritaire No. 61337.

U.S. subscription: \$322 yearly. Second-class postage paid at Long Island City, N.Y. 11101. © 1985, International Herald Tribune. All rights reserved.

The 'Eurosclerosis' Doctor Prescribes Some Bitter Medicine



By Joseph Fitchett
International Herald Tribune

KIEL, West Germany — "Eurosclerosis" — hardened economic veins and arteries in Europe — is the diagnosis coined by the controversial West German economist Herbert Giersch.

Economic and social rigidities, in Professor Giersch's view, maintain a false stability that is handicapping Europe today. "Europe's economies are as flexible as they used to be," he says, "but the need for flexibility has become much greater with slower, more difficult growth and a dramatically more competitive world environment."

Professor Giersch, 64, was speaking in his office at Kiel University, where he heads the Institute for World Economy.

"You don't see the crisis in Europe — unemployed people do the best they can on benefits, they keep up their homes, they keep up appearances," he says.

Beneath his office windows, the city's shipyards had a look of tidy respectability, but they have been unable to keep up with Pacific competition, and no new businesses have replaced them.

The term "Eurosclerosis," he says, flashed into his mind two years ago after a long, fruitless discussion about what was then being termed Europessimism. "Europessimism described a mood, and I thought we needed a word, like a medical term, to analyze the disease and prescribe a cure."

— Herbert Giersch

"Europessimism described a mood, and I thought we needed a word ... to analyze the disease and prescribe a cure."

European industry have been crippled because subsidies have made them dependent on government bureaucracies and, above all, because of rigid labor regulations.

Postwar Europe's commitment to full employment, when confronted with economic decline in the 1970s, hardened into an attempt to guarantee jobs in all circumstances, he argues. In many cases this extended even to guaranteeing workers that they would not have to change companies within the same industry.

Collective bargaining, which was designed to defend the rights of workers, functions today to protect them only temporarily while impeding industrial changes that might eventually restore growth, Professor Giersch contends.

For example, he notes, inflexible minimum wages imposed by collective bargaining prevent the establishment of some underpaid jobs that could be a starting point for the unemployed.

"We need partial deregulation from employment rules," he says, "especially to break down barriers for the young, who otherwise may never obtain a foothold in the workforce."

In European discussions of industrial reform, he says, the overall public interest rarely emerges in public debate, which he insists is dominated by unions, established businesses and other groups with a vested interest in the status quo. Groups, notably young people and minorities, that want more "openness" in the system are either weakly

represented or turn to the underground economy, he contends.

Professor Giersch notes that postwar European wages rose steadily until the early 1980s. Since 1970, when hourly pay rose in the United States by only 5 percent above the inflation rate, it rose 40 percent in Europe.

This rise was particularly damaging, Professor Giersch says, because the increases were largely in social benefits, not take-home pay. Nonwage benefits account for 89 percent of labor costs in West Germany and 66 percent in France, compared with 28 percent in the United States.

As a result, there is less money in Europe for pay raises since corporate earnings are channeled increasingly into guaranteed uniform benefits, which often are regarded as a disincentive to work. Professor Giersch notes that paid sick-leave in West Germany is increasing steadily — and 70 percent of sick days fall on Mondays or Fridays.

In his view, another major side-effect of inflexible labor conditions is a distortion of investments in European technology. European businessmen, he says, tend to invest in technology simply to reduce the workforce, squeezing out the least efficient workers and getting maximum productivity from survivors.

In contrast, U.S. and Japanese industry often buys robots and computers to expand production capacity or to manufacture new products, thus creating wealth and jobs.

The effect, Professor Giersch says, aggravates the "techno-pessimism" that polls show is strong among European young people. Many of them, he continues, view technological progress as a threat to jobs, not as a source of new industries and a better future.

Among his solutions, he proposes temporary arrangements that include tax holidays, fewer regulations governing working conditions and a dispensation from minimum-wage requirements or, in West Germany, from the wage levels set by nationwide collective bargaining. Such arrangements, he says, would increase European incentives to start companies.

"Europe has major untapped entrepreneurial potential," he says, "particularly among young people, women and the middle-management of existing firms." Small companies are needed in Europe, he adds, particularly in the trial-and-error process of finding new applications for micro-electronics.

Other European rigidities on Professor Giersch's list include the political constraints on industries subsidized or owned by governments and what he terms "notoriously high" taxes, phone charges and rail and air-travel prices in comparison with U.S. and Japanese charges. All siphon off purchasing power, making Europe less competitive and handicapping industrial innovation, he says.

"Europe's weakness is not technological," Professor Giersch concludes, "it's institutional."

Europe Is Pinning Its Hopes of Economic Revival on New Approaches

(Continued from Page 1)

industries that brought prosperity to modern France — coal mining, steelmaking, textile weaving, shipbuilding — little was solidly waiting for an economic recovery. While its patience lasted, there was no market for social and economic innovations.

Today Lille's heavy industries are surviving because of government subsidies. French planners admit that these industries will never flourish again and say that new growth can come only from new kinds of businesses.

And so the government has launched a sweeping effort to modernize France's economy. A crash program in computer literacy put consoles in the classrooms at Pasteur and in nearly 160,000 other public schools throughout the country last September. The Business Shops are encouraged. In parliament, legislation has been drafted in an effort to slash layers of red tape complicating employers' dealing with labor.

"I think the cultural mold is changing in France, not in the revolutionary style we like to believe we practice, but slowly changing to be more favorable to small entrepreneurs," said Alain Rhamage, the national coordinator for the Business Shops. "French people are losing the managerial mystique, they want the bigger, the better — for industry and for government."

Sometimes cautiously, similar experiments in commercial and social innovation have begun throughout the 10 nations of the European Community and surrounding countries.

"European industrialists and political leaders are still very defensive, which is a poor attitude for bold thinking about how to go forward," says Shirley Williams, a former member of Britain's Social Democratic Party. "But there is a catch-up-and-competitiveness mood taking shape in the European context."

The new mood, according to numerous West European businessmen and analysts interviewed in recent weeks, corresponds to a feeling that the industrial world is passing a watershed, not just a slump. After a postwar era of easy economic growth, which centered on the rebuilding of industries largely based on prewar technologies, the feeling now is that Europe's heavily export-dependent industries have wasted a decade in recognizing a fundamental change in their competitive environment.

As a liberalizing tide of government deregulation has released the commercial potential of new technologies, U.S. and Japanese corporations — using computers' growing ability to talk to each other by telephone — operate globally with great agility, juggling resources to target markets and overwhelm competitors. The victims include Europeans in their own domestic markets.

"Computer technology, allied with the modern telecommunications that have become part of data-processing, enables big companies to attack global markets," confirms the Italian industrialist Carlo de Benedetti, who has achieved record profits at the Olivetti office-equipment company and who has joined with AT&T to challenge IBM in Europe.

In this last move, Mr. de Benedetti reflects Italy's business climate. The country teems with small companies that are more innovative and profitable than Europe's traditional industrial giants and amazes other Europeans by its social and technological ingenuity.

At the same time, Italian companies consistently bypass inter-European alliances to form partnerships with U.S. and Japanese companies offering technology and market access.

This technological threat has become more urgent because Europe's traditional industries face a rising challenge from newly industrialized countries, which can manufacture cheaply because of low labor costs or cheap energy in newer plants.

Europe's economic problems are "not a cyclical downturn that can be treated with monetary and fiscal manipulation," says Herbert Giersch, the West German economist who heads Kiel University's Institute for World Economy. "It is a long-term trend, but it can be reversed if Europe applies constitu-



The computer at school, the Lycée de Bessières in Paris.

tional therapy to increase opportunities for economic activity."

The U.S. business writer Peter Drucker goes further, arguing that the spread of management skills and the adoption of computer technology have bred an "entrepreneurial society" in the United States.

In his book, "Entrepreneurship and Innovation," which is becoming a best seller in Europe, he contends that small companies can cope with human needs and new technology more effectively than established corporations, producing a lively economy with a few "winners" that grow into global giants.

This new brand of capitalism — a break with a century-long quest for bigger factories and government, bigger schools and other social services — is only starting to reach Western Europe, Mr. Drucker says.

He finds corroboration from Edward J. Streater, the U.S. representative at the Organization for Economic Cooperation and Development, the Paris-based coordinating body for 24 non-Communist industrial nations.

"More and more European governments appear willing to give the entrepreneur a chance," Mr. Streater has said. "West European governments from conservative to socialist are reviewing their options

and finding that market-oriented policies, not planning, may be the appropriate solution."

What binds the differing governments is that they all remain stymied by unemployment problems and slow growth. European leaders agree on two major reasons for their predicament:

The first is their countries' lag in technology. The European Community will run a \$12-billion trade deficit this year in "information technology," or computers and the software that run them, imported from the United States and increasingly from Japan.

Already more than half of the information technology produced in Europe is the work of U.S. and Japanese subsidiaries. Citing that trend, Dr. Robb Wilmut, head of Britain's computer-maker ICL, predicts that in five years the subsidiaries' share of the European market will expand to two thirds.

The lag is extensive. EC officials note that Europe's output of high-technology products for the last decade has grown less than 5 percent a year, compared with more than 7 percent growth in the United States and 14 percent in Japan.

Only in telecommunications is Western Europe more or less equal to the United States and Japan, says Mr. Seitz, the director of planning at West Germany's foreign ministry. He adds: "Even that bas-

tion is endangered because computer technology and telecommunications technology are merging." In a process called digitalization, phones are beginning to communicate with electronic pulses, the same technology used in computers.

The second major predicament is the contrasting employment outlook in the United States and Western Europe.

In the decade since the rapid increase in world oil prices stunted growth, the U.S. economy has gained 24 million jobs, a peacetime record whether measured in percentages or in absolute numbers. At the same time, Western Europe has lost perhaps as many as 4 million jobs. So the Western European countries, whose economies provided 20 million more jobs than the United States in 1970, now have a total of 108 million.

Poor job creation, in the years after 1973 when the baby-boom generation was reaching employable age and more women sought jobs, has given Europe its unemployment predicament, with a jobless rate approaching 13 percent in the EC.

"Unemployment has become Europe's gravest crisis; it has defied all of Europe's traditional remedies and it is forcing leaders to consider radical alternatives," said Manfred Rommel, Stuttgart's reform-minded mayor, echoing the views of many politicians and industrialists.

In answer to this, the new wave of economic reforms is similar throughout Europe in seeking to revive business dynamism in fundamental ways. Many educational and social assumptions are being challenged—including the prevailing idea that industrial growth is secondary to the need to redistribute wealth more thoroughly.

Changes vary widely: loosening state monopolies in products and services ranging from arms to telecommunications; forging multinational industrial partnerships in such high-tech fields as electronics; legislating new academic and research priorities; lifting laws banning most commerce on Sunday.

None of these changes has significantly improved the outlook of any European country yet. Recent twitches of economic revival in Europe, most economists agree, reflect the decline since last summer

in the U.S. dollar's exceptional strength.

Nevertheless, new approaches are widespread and obvious. France's Socialist government is trying to end the social and often legal stigma on entrepreneurs whose gambles end in bankruptcy. British businessmen, long turned toward the Commonwealth, are pushing the Thatcher government for closer commercial integration into the EC. Italy has started dismantling wage settlements indexed to inflation. The Netherlands has limited welfare costs. West Germany is trying to enliven its stock markets.

The EC, conceived initially as a barrier to warfare between France and West Germany, took little account of businessmen's thinking at the start. The founder of the Common Market, Jean Monnet, deliberately excluded industrialists from the informal network of political leaders and labor leaders that he recruited to promote his ideas for European unity.

"That would be unthinkable today," says Baron Lambert, head of the Banque Bruxelles Lambert.

The EC now is regarded by many European businessmen as the vehicle to help them match their U.S. and Japanese rivals in market size and operational freedom.

These businessmen — including 20 of Europe's most prominent corporate heads, who have formed the Round Table of European Industrialists — are abandoning their traditional low profile and are starting to lobby publicly for reforms, notes Kasper Cassani, the Swiss-born head of IBM-Europe.

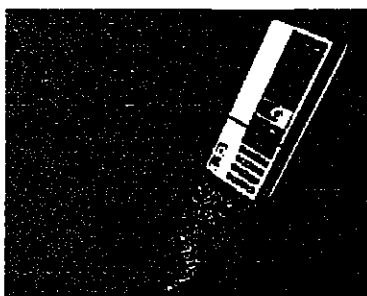
Adds Jacques Delors, France's former finance minister and now president of the Commission of the European Community: "The most ardent supporters of a united Europe today are the businessmen and other groups who are suffering from the lack of a Europe-sized market and a European-scale space."

It is a basic fact that research-and-development costs, especially for products containing electronics, are too high to be recovered in the market of any single European nation.

Above all, Europe needs to "change scale," says a statement by the Round Table of European Industrialists. The top priority, the group contends, is a European Commission plan to make Europe a market of 320 million consumers — larger even than the U.S. market of 250 million.

(Monday: Moves to remodel the Uncommon Market.)

PHILIPS POCKET MEMO YOUR ELECTRONIC NOTEBOOK



When you consider that you speak 7x faster than you write, you'll see the benefits of using a Philips Pocket Memo as an electronic notebook. Ideas, notes and reminders can be instantly recorded for reference later.

Test a Philips Pocket Memo at your office equipment dealer today or write for information.

PHILIPS POCKET MEMO
YOUR ELECTRONIC NOTEBOOK

Please send me information about Philips Pocket Memos.

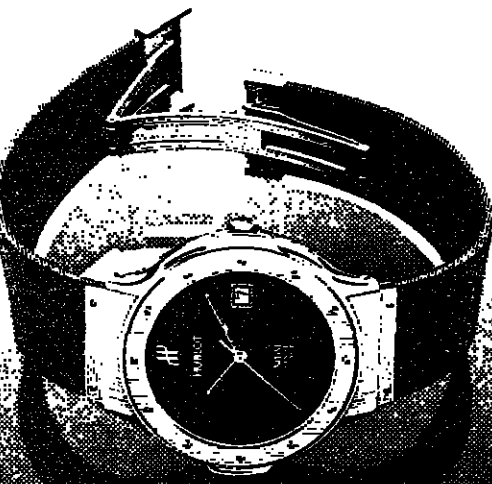
Name _____ Position _____
Company _____
Address _____
City _____
Country _____

PHILIPS

Philips BU Desk Equipment,
A-1101 Vienna, Austria

WEMPE

Hamburg-Hannover-Düsseldorf-Bremen-München
Nürnberg-Köln-Frankfurt-Stuttgart-New York



HUBLOT

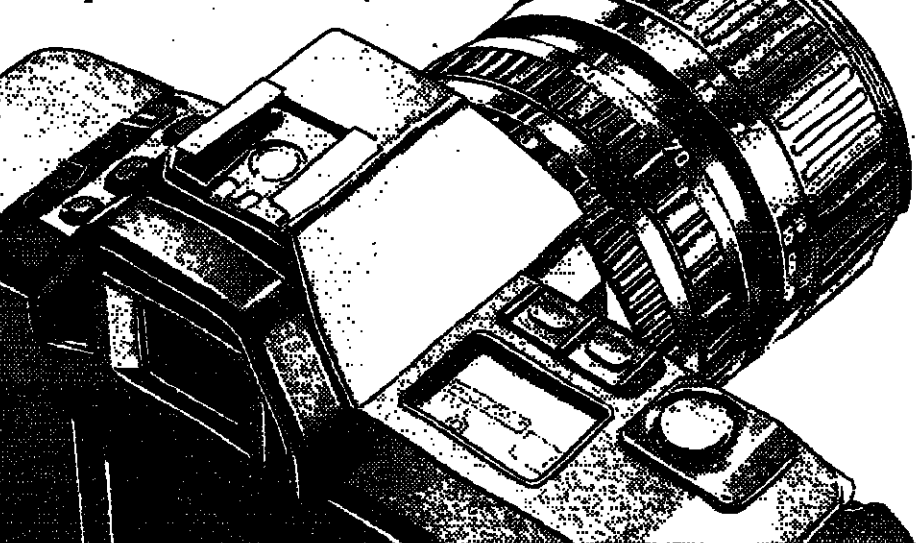
Quartz movement - Water resistant 5-10m 18 K gold,
gold and steel, all steel. Natural rubber strap. Registered model.

"...ein Spitzengerät besonderer Art, das alle Wünsche erfüllt, die man heute an eine Kamera stellen könnte ..."

Germany's 'Foto-Magazin' leaves us with nothing else to say.



Canon T70
European camera of the year '84.



SCIENCE

No Fanfare to Mark Centennial of 'Killing Machine'

By Malcolm W. Browne
New York Times Service

THE centennial year of a weapon that may have killed more people than any other is passing unobserved.

Machine guns attract little notice from the makers of military budgets, because they are relatively cheap. The best .50-caliber heavy machine gun money can buy costs only about \$3,000, and automatic assault rifles that can double as

light machine guns go for only a few hundred dollars each. "Governments spend so heavily on nuclear submarines and missiles," said an executive of a machine gun factory, "that the manufacture of trucks and guns gets the lowest priority. That's the paradox of today's armament industry."

Nevertheless, no army in the world can afford to do without machine guns, and the models being manufactured today are likely to

remain in service for many years. George A. Strichman, retiring board chairman of Colt Industries Inc., said in an interview that he expects the M-16 assault rifle to remain the primary United States infantry weapon until well into the 21st century. The M-16, which is produced by Colt, fires a burst of bullets with a single pull of the trigger, and is thus a form of machine gun.

Regardless of manufacturing priorities, moreover, there seems to be no shortage of machine guns in the United States or elsewhere in the world.

The main supplier of machine guns to the United States' armed forces, Saco Defense Inc. (a subsidiary of the Swiss-owned Aluisuisse of America Inc.), is situated in a tidily landscaped suburb of Portland, Maine.

Equipped with the latest in computer-controlled robot forges, lathes, reamers, and heat-treating and plating machinery, Saco's highly skilled work force of 800 tops up and modernizes the machine gun inventories of armed forces around the world, including those of the United States.

Two main objectives in all new designs, said a Saco spokesman, William K. Cleary, are to increase the service lives of guns while reducing their weight.

Saco's three main products are the M-60 7.62-millimeter machine gun (the standard light machine gun of the U.S. armed forces since 1960); the M-2 .50-caliber heavy machine gun (first made in 1933); and the M-19 40-millimeter machine cannon (first tested at the close of the Vietnam War).

Each of these guns works on a different principle: gas, recoil and blow-back operation. But the three principles have one thing in common — they were all patented by Hiram Maxim between the years 1883 and 1885.

MAXIM, who lived from 1840 to 1916, is rarely mentioned in the same breath with Thomas A. Edison, Alexander Graham Bell, the Wright brothers, and the other great American inventors of his day. But in "The Social History of the Machine Gun," the historian John Ellis points out, "Without Hiram Maxim, much of subsequent world history might have been different."

The Maine-born inventor, moreover, was as prolific as his more famous contemporaries. As Edison's chief rival in the design of electrical systems, Maxim installed the first electric lights in a New York City building (the Equitable Insurance Co.) in the late 1870s. Maxim's method of hardening the carbon filaments of incandescent bulbs paved the way for the light bulb credited to Edison. Maxim's airplane might well have flown before that of the Wright brothers, had it been powered by something lighter than a steam engine.

In his autobiography "My Life," Maxim described countless gadgets he invented, some more successful than others. Among the products of his youth were an automatic sprinkler system for a flour mill and an automatic mousetrap. The latter was designed so that the struggling of each victim would reset the trap for the next mouse.

Maxim never reached the pinnacle of success in his native land, but a turning point came for him during a business trip he made to Europe. He later wrote to The Times of London: "In 1882 I was in Vienna, where I met an American whom

I had known in the States. He said: 'Hang your chemistry and electricity! If you want to make a pile of money, invent something that will enable these Europeans to cut each other's throats with greater facility.'"

Maxim set up a workshop in London and within three years was building the world's first practical machine guns. (Most of the earlier rapid-fire guns, notably the multi-barreled gun invented by the American Richard Jordan Gatling in 1861, had to be cranked by hand. Maxim's gun required only steady pressure on the trigger to maintain a continuous firing cycle, including reloading, cocking and the ejection of spent cases.)

Military historians have noted that almost all of the important designers or developers of machine guns following Maxim were Americans, and that most of them had to go to Europe to implement their ideas. Benjamin B. Hotchkiss set up his factory in France. Colonel Isaac N. Lewis went to England to make the Lewis gun. John M. Browning built a plant in Belgium (where the guns bearing his name are still manufactured) and Hugo Borchardt moved to Germany, where one of his designs became the basis of the Luger pistol.

During his childhood in Maine, Maxim had been knocked over by the recoil of a powerful rifle, and had speculated on the possibility of putting recoil forces to work to operate guns automatically. In London, Maxim devised a spring-loaded bolt action that could store up the recoil energy released by a shot and use that energy for readying the weapon for the next shot.

AMONG the most difficult problems Maxim's machine gun action had to solve was the handling of powerful rifle cartridges; a way had to be found to keep the gun's breech tightly closed until each bullet left the barrel. Otherwise, the empty cartridge case would start to leave the chamber too soon, and the gas pressure in the barrel would burst the brass case, ruining the gun and possibly maiming the shooter.

Maxim's solution, and the heart of his design, was a toggle mechanism patterned on the human leg. At rest, the "leg" lay straight and horizontal, its swiveling "foot" pressed against the rear of the bolt, holding it tightly against the breech of the barrel. When a cartridge was fired, barrel, bolt and "leg" would recoil a short distance, remaining locked together until the bullet had left the gun. Then, as the recoiling mechanism continued rearward, the knee joint of the leg would pass under a tripping cam, forcing the knee to bend downward and thus unlocking the bolt.

At that point, the barrel would halt its rearward motion but the bolt would fly backward faster still, hastened by another Maxim invention, a small lever called an accelerator. The movement of the bolt would eject the spent cartridge case and withdraw a fresh cartridge from a moving fabric belt. Driven forward by a compressed spring, the bolt would then cock the firing pin, load the new cartridge and fire, repeating the cycle indefinitely until the trigger was released or ammunition was exhausted.

Today's recoil-operated guns, including the M-2 heavy machine gun, work essentially the same way, although the complicated knee-action toggle lock has been replaced by a simpler lock, a steel bar that is

cammed up and down in a vertical slot.

Maxim's "little daisy of a gun," as he called it, immediately attracted the interest of the Duke of Cambridge and British royalty. In one of his machine-gun demonstrations, Maxim impressed the royal family by blasting the letters VR (for Victoria Regina) into a target. The inventor settled in England, became a British subject, and was finally knighted for his achievements.

The advent of the machine gun meant that for the first time a handful of gunners could subdue masses of enemy infantry, revolutionaries, strikers or hostile crowds. Initially used to help build colonial empires, the Maxim gun did its first large-scale slaughtering in 1893, a scant eight years after the gun's invention. Fifty British security guards of the Rhodesian Charter Company in Africa brought four Maxims to bear against Zulu tribesmen, and in less than 90 minutes the guns had killed 3,000 of an attacking Zulu force of 5,000.

On Sept. 2, 1898, the Maxim fought its first real battle when Sir Herbert Kitchener (assisted by a young Winston Churchill) met an army of Moslem fundamentalists at Omdurman on the Nile. The British killed or wounded more than 20,000 of the enemy while sustaining only light casualties of their own.

WORLD WAR I, sometimes called "the machine-gun war," saw carnage unequalled in all previous history. In just one day along the Somme, July 1, 1916, the British suffered 21,000 killed, the great majority by Spandau machine guns, the German version of the Maxim.

Among the developments of World War I was the pistol-caliber submachine gun (or "trench broom," as the Thompson submachine gun was initially called). After the war, the submachine gun became a favorite weapon of police, strike-breaking factory guards and gangsters.

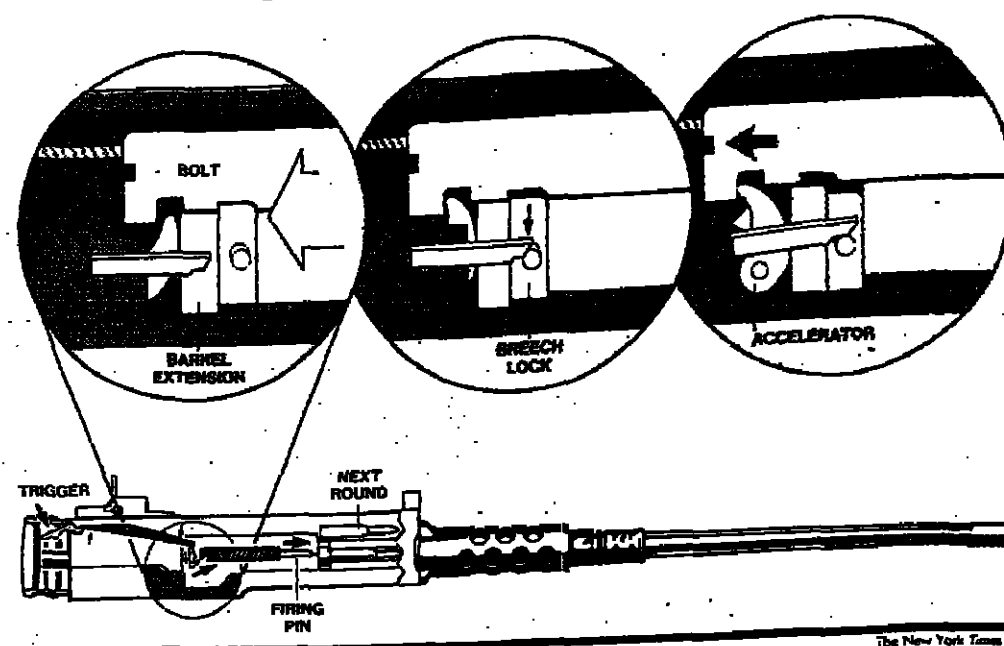
According to Edward C. Ezell, curator of armed forces history at the Smithsonian Institution, no one knows how many people have been killed by all the variants of Maxim's invention, nor how many machine guns there are in the world today. "But the numbers must be astronomical," he said. "Take the AK family of Soviet assault rifles. Since the AK can be fired in continuous bursts by keeping a finger on the trigger, it is a kind of machine gun. To date, something between 30 million and 50 million AKs have been manufactured."

The United States has never matched Soviet production of automatic weapons, but has nevertheless manufactured more than seven million M-16 assault rifles since the M-16 was introduced in Vietnam.

Neither governments nor private organizations keep track of the number of machine guns in existence, but the aggregate today may be somewhere in the vicinity of 100 million. "Moreover," Dr. Ezell said, "most automatic weapons don't go away, they're just recycled."

Boastful though he sometimes was, Maxim might not have minded the absence of any centennial observances this year for his gun. Toward the end of his life he seemed somewhat chastened by its ghastly effects. "Had it been anything else but a killing machine," he wrote, "very little would have been said about it."

A Bullet's Energy Is Put to Use



IN BRIEF

Body Clock Linked to Clots

BOSTON (Combined Dispatches) — A study of 3,000 patients has found that blood clots in the arteries supplying blood to the heart are three times more likely to begin between 6 A.M. and noon than any other time of the day.

Writing in the New England Journal of Medicine, a Harvard Medical School research team said it appears that the body's internal time clock plays an important role in blood chemistry. This in turn determines at what time of day a person about to have a heart attack will begin to have symptoms. The study said workers on variable shifts disrupt their internal clocks and that this disruption might explain why these people are at higher risk of having heart attacks.

"This represents a big new area to research," said Dr. James E. Muller, part of the study team. If researchers can learn why starting the day triggers attacks, they might be able to devise new strategies to stop them.

The doctors theorize that the blood becomes more likely to clot just after people awaken, leading to the increased occurrence of morning heart attacks. Dr. Muller said 14 other published studies have noted that heart attacks seem to happen in the morning. But until now, many doubted that the phenomenon was real. (UPI, AP)

Pot-Smoking Pilots Tested

PALO ALTO, California (WP) — The hangover effect of a single marijuana cigarette can interfere with a pilot's ability to land an airplane — even 24 hours after the joint was smoked, a study by Stanford University and the Veterans Administration has found.

Researchers used computers to measure the ability of 10 airplane pilots to perform landing maneuvers after smoking a cigarette containing 19 milligrams of tetrahydrocannabinol, the active ingredient in marijuana. That's the equivalent of a "strong social dose" of marijuana, the researchers say.

The 10 test subjects — all experienced private pilots and marijuana smokers — were tested in a computerized flight simulation laboratory at the Veterans Administration Medical Center in Palo Alto. They were tested about one hour, four hours and 24 hours after smoking the marijuana. At each interval, the study found, the pilots showed "significant impairments" in a variety of tasks involved in landing an airplane, compared with tests made before they had smoked the cigarettes.

AIDS Virus Found in Lenses

HELSINKI (Reuters) — Researchers in Finland have detected an AIDS virus in contact lenses and a hospital official has called the risk of transferring the disease through lenses "minimal but potential."

Dr. Timo Tervo of Helsinki University Hospital said Monday it was extremely important for lenses to be disinfected with peroxide or by heat before being passed from person to person, which could happen in fittings at an optician.

He said the virus HTLV-3, which causes acquired immune deficiency syndrome, was detected in lenses

worn by sufferers of the disease in an experiment conducted at the hospital. In September the virus was found in tears, but the Finnish team is the first to detect it on lenses, he said.

Smaller Chickens for Japan

TOKYO (Reuters) — Space is scarce in Japan, even in a chicken coop, so a Japanese researcher has spent the last 15 years at his farm near Nagoya breeding mini-chickens.

He said they cackle just as loudly but take up a third less space. They also cost less to keep because they only eat 80 per cent as much as a normal bird, but the eggs they produce are only 10 per cent smaller than normal eggs, he said.

New Sources of Cattle Food

URBANA, Illinois (NYT) — Using a weak solution of ordinary hydrogen peroxide, crop scientists at the University of Illinois have found a way to make more of the food energy in corn stalks, corn cobs and wheat straw available for digestion by cows and sheep. They said the technique could ultimately increase the supply of food for humans.

In an experiment in cooperation with the federal Agricultural Research Service, the researchers soaked wheat straw in a weakly alkaline solution of hydrogen peroxide. They fed some sheep with unaltered wheat straw, others with the peroxide-treated straw. The animals digested twice as much of the energy in the treated straw as in the untreated straw, more than 60 percent instead of 30 percent.

Cattle, sheep and other ruminants have digestive tracts with the rare ability to derive food from cellulose, but the cellulose in a plant's tougher, woody parts is tightly bound to another substance, lignin, that is highly resistant to breakdown by the enzymes and bacteria in a ruminant's stomach. According to the scientists, the peroxide appears to break down lignin's hold on the cellulose.

Super Salmon Bred in U.S.

EAST LANSING, Michigan (NYT) — Scientists at Michigan State University are developing a type of salmon that cannot spawn and could therefore live to a ripe — and very large — old age.

The goal of the project, Dr. Donald L. Garling said, is to stock Lake Michigan with Chinook salmon that would eventually grow to weights of up to 70 pounds (31 kilograms).

The technique involves breeding fish from eggs that have been immersed for 10 minutes in water at a temperature of 83 degrees Fahrenheit (28 degrees centigrade). The treatment causes abnormal cell division and creates two sets of chromosomes. When an egg is fertilized by a sperm, a third set of chromosomes is added, and the resulting fish, which has an odd number of chromosome sets, is sterile.

The scientists said that the sterile fish, both male and female, would abandon attempts to reproduce and therefore would not undertake the up-river swim to their spawning grounds. Thus, they would escape death, since salmon die once they have reproduced.



2for1

Take advantage of our special rates for new subscribers and we'll give you an extra month of Tribes free with a one-year subscription. Total savings: nearly 50% off the newsstand price in most European countries!

To: Subscription Manager, International Herald Tribune, 181, avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Please enter my subscription for:

Country	Currency	1 year	2 mos.	3 mos.
Austria	S.	4,020	2,170	1,196
Belgium	B.F.	9,020	4,870	2,668
Denmark	D.Kr.	1,930	1,040	570
Finland	F.M.	1,410	760	414
France	F.F.	1,200	644	359
Germany	D.M.	480	261	144
Great Britain	£	101	55	30
Greece	Dr.	15,500	8,404	4,622
Netherlands	Fl.	530	293	160
Ireland	£ Ir.	115	62	34
Italy	Lira	374,000	145,040	82,800
Luxembourg	L.F.	9,020	4,870	2,668
Norway	Nkr.	1,320	705	422
Portugal	Esc.	12,300	7,450	4,090
Spain	Ptas.	21,200	11,500	6,300
Sweden	Skr.	1,470	795	434
Switzerland	Sfr.	424	230	129
Rest of Europe, North Africa, to Mex. French Africa U.S.A., French Polynesia, Middle East	S.	322	174	95
Rest of Africa, Canada, Latin America, Gulf States	S.	442	236	130

Please check:

☐ 12 months (+ 1 month free)

☐ 6 months (+ 2 weeks free)

☐ 3 months (+ 1 week free)

☐ My check is enclosed

Please charge to:

☐ Access

☐ American Express

☐ Diners Club

☐ Eurocard

☐ Mastercard

☐ Visa

Card expiry date _____ Signature _____

Card account number _____

Name _____

Address _____

City _____ Country _____

Tel _____ Telex _____ 28-11-85

Louis Vuitton. The art of travel.



Some people have a talent for travel. They look upon travelling as a fine art. These true connoisseurs require the best. It is for them that the Louis Vuitton craftsmen create luggage and perpetuate the tradition of custom-making perfected over the last 130 years.

These skilled artisans ensure that each trunk, suitcase and bag, be it of the classic

"Monogram" line or the new "Challenge" line, bears the Louis Vuitton stamp of strength, durability and refinement.

They meticulously select their materials: traditional leather and brass, or innovative space-age fabrics such as Kevlar*, and authenticate their work with the renowned initials.

The Louis Vuitton concept of luggage is unique. It has been maintained since 1854.

In Paris and the major cities of the world.



In Europe, exclusively at the Louis Vuitton shops.
Paris - Nice - Monte-Carlo - London - Brussels - Geneva - Luxembourg - Zürich - Milan
Florence - Düsseldorf - Frankfurt - Hamburg - Munich.

Beijing

As China's modernization progresses, so must its foreign trade.

A look at Beijing's current expansion in the field of exports.

The Key to Progress Is Foreign Trade

In stunning contrast to the general complexity of China's ongoing economic reforms, one equation is as simple as a pair of chopsticks: National growth requires foreign currency, exports, and thus exports must increase.

An integral part of Beijing's efforts along these lines has been the establishment—in the years since the current wave of economic reforms began gathering momentum in 1979—of state foreign-trade corporations. (Some trading firms have been in existence much longer, of course, and some were established only in 1984.)

New or old, however, their assigned goal is the same: to bring in the foreign exchange needed to finance the modern technology to help China accelerate its drive toward modernization.

China's economic foundations seem reasonably solid these days. According to official figures, China's national income grew by 12 percent in 1984 and in early 1985 was soaring still more rapidly—by an estimated 20 percent. Inflation is being held down to about 3 percent, the government claims, though there is some concern that the pace has quickened in 1985.

But the overall progress indicates that Beijing's leadership has got its sums right, at least for the time being. Recent statements indicate that there will be no slackening in the drive for economic reform.

Party Chairman Deng Xiaoping, speaking in Beijing in late October, said that reforms offered the only solution for directing China toward development and prosperity.

Deng reiterated support for current economic policy, noting that "a combination of planned economy and market economy could further liberate productive forces and accelerate their development."

A Western economic specialist in Beijing noted that China today effectively has three economies: the old-style planned economy, the burgeoning "guided economy" in which the state's role is shrinking as market forces take pre-

cedence, and the "free" economy where, as a Westerner put it, "almost anything goes." In the latter category Beijing observers have noted the proliferation of private taxi firms, barber shops, small inns and restaurants and scores of small repair shops.

The continuing formation of official export-import firms, says a Western observer, is part

case firms" because in many cases that's how their assets were transported) sprang up. Most of these have now faded away. "Things go in cycles in China," one Westerner said, "and right now we're in a control cycle."

In other areas of the economy, both agriculture and industry recorded impressive gains in 1984. Agricultural growth by itself came to 9.9 percent, and with the stunning growth of rural industry (45 percent) factored in, total growth (measured in gross dollar value) came to more than 14 percent, well above the planned increase

for joint-venture investment in hotels. Hotel space is in short supply across China, and during tourist-glut seasons (notably fall and spring), rooms are nearly impossible to obtain in Beijing, Shanghai and Guangzhou. The limited space available tends to be taken by Japanese and Western tour groups; individual business travelers have a litany of horror stories of shortages.

New hotels are in fact going up in major cities. In Shanghai, for example, a Sheraton will open next year and a Hilton in 1987. At least 50 new hotels are under construction in Beijing.



Above, the luxurious Great Wall Hotel. Inset, Party Chairman Deng Xiaoping.

of the effort to break major ministries away from production and sales operations and let them get on with broader tasks. The new trading firms operate more or less their own; accountability and ultimate responsibility for success or failure now rest with them and no longer with the ministries.

A year ago the growth of officially sanctioned trading firms had a parallel in the free market: hundreds of independent trading firms (called "suit-

goal of 4 percent.

Industrial sectors showed much the same results: government figures indicate total growth of more than 14 percent, with light and heavy industry expanding at about the same rate.

Foreign investment has continued to rise, with best estimates of the cumulative totals at about \$3.7 billion. Much of this investment is in oil development.

One highly attractive area

but opening dates are some years off. A dozen more are now in the pipeline for Shanghai.

In general, most hotel operators have opted for the safe, if limited, profitability of booking group tours and ignoring business travelers. (At least one hotel, Beijing's Great Wall Sheraton, will change this policy as of 1986.) For the moment, however, non-Mandarin-speaking business travelers are advised not to visit China without three-confirmed bookings



Oil, China's most important export. Left, Chinese woman working in an oil rig.

Metallurgy Includes Giant Trucks

Big countries, big trucks—logical enough, but the trucks put together by the China Metallurgical Import and Export Corp. (CMIEC) and UNIC Corp. of the United States still seem outsize. The Uniting truck (parts made in China, assembly in the United States) has a 100-ton payload and is used in mining operations in both countries.

Founded in January 1980, CMIEC was set up, says Chen Qinghui, vice president, to accelerate business dealings abroad and at the same time help raise China's technology level.

Its business scope includes the following categories:

- The export of metallurgical products such as ores, alloy steels, rare earth metals and refractory materials.
- The importing of iron ore, manganese ore and chrome ore.
- Joint ventures and com-

pensatory trade deals with foreign partners on metallurgical industry projects.

- Imports of equipment, machine parts and instruments for steel plants and mines.
- Importing and exporting of technological know-how.
- Cooperative production of metallurgical equipment (such as the truck contract with UNIC) and processing of parts for foreign firms.
- Processing of metallurgical products for foreign firms with materials provided by those firms (the so-called toll processing arrangement).

Chen reports that production is rising every year, but says that demand is rising too—so much so that his firm must import metals from other countries.

Wuhan's huge steel-making complex, for example, uses about 80 percent Chinese ore in

its production but must supplement its requirements with about 20 percent imported ore. Most of these supplemental ores come from Australia (which sends both iron ore and manganese ore). Other regular suppliers include Brazil, India, Algeria and Pakistan.

Also from abroad, via CMIEC, come technicians and know-how to help improve China's production abilities. Both West Germany and Japan, for example, have sent technicians to the huge Baoshan steel complex near Shanghai to train Chinese counterparts. There have been infusions of technology as well from France, Britain and Austria.

In its turn, China exports technological know-how, mostly to the Middle East and Africa, in the form of helping to build airports, roads, apartments and office buildings.

CMIEC was instrumental in building the huge water network linking Hong Kong with Shenzhen, just over the border.

So far, Chen says, joint ventures with other nations are moving slowly, largely because sizable investments are needed before returns begin to flow in. One major current discussion partner is the giant Mannesmann firm of West Germany, and there are other deals in the works with North American and West European firms.

Another important area of projected involvement is in the enormous iron and steel project being put together by Hong Kong multimillionaire Sir Y.K. Pao in Ningbo. That city's large-scale port development scheme, combined with plans for significant economic development, makes the northern fringe of Zhejiang province a place for foreign traders to watch.

Will Beijing replace Paris as the world's fashion capital?

Not immediately. But after decades of churning our millions of meters of utterly simple clothing, China's textile manufacturers are beginning to think a bit more about style. Specifically, French style.

"In the past," says Liao Shaoqiong, deputy general manager of the general business department, China National Textiles Import and Export Corp., "our problem was to keep people warm, not stylish. Now we have solved this problem, and our people want more colorful and more stylish clothing."

In August a 12-person Chinese study team went to Paris to study the latest fashions at the French showings. They're now busily at work in their Beijing studios.

"We aren't sure just when we'll see the results of the French trial," says Liao, "but come back here next spring and you will see many stylish garments. We will combine Chinese characteristics with new Western styles."

How about the current rage for Japanese fashion? Liao smiles. "Next year we will send a study team to Tokyo or Osaka."

Back in 1961, when the corporation was founded, style was not a priority. Much more important then was simply providing enough cloth to adequately clothe China's millions. In 1960 the total gross value of imports and exports was about \$400 million.

The dimension of the industry's growth is reflected by the 1984 totals for exports only—\$4.1 billion.

Operating under the Ministry of Foreign Trade, the corporation supervises two major units—Chinatex Raw Material



Textiles Now Focus on Style

Corp. and China Garment Accessories Corp. There are 45 branch offices outside Beijing, located in all provinces and in many municipalities besides. The corporation handles imports and exports of cotton, synthetic fiber, wool and garments that use these fibers such as yarn, knitwear and woven clothing as well as flax for linen.

In the past the corporation dealt mostly with raw materials and semifinished products such as cotton yarn, cotton and synthetic fabrics as well as "greige" (gray) unprocessed fabrics.

But now as production rises the structure of exports is changing. Almost half of current exports (45 percent) is in

the form of finished garments.

In the domestic market textile demand is soaring: in 1981, for example, total consumption per person was 8 meters. By 1983 that figure was up to 11 meters, and while figures for 1984 are not complete, consumption continues to rise.

More and more, demand is for finished garments. As Liao notes, "People no longer make their own clothes. They prefer to buy things ready-made."

The corporation currently does business with 160 nations and regions around the world. China has signed bilateral trade agreements with the European Economic Community and six nations: the United States, Austria, Canada, Nor-



Above left, Yves Saint-Laurent surrounded by decorative arts students and their fashion drawings in Beijing last May. Above, Saint-Laurent exhibition at Fine Arts Palace.

way, Finland and Sweden. Other key export markets are Japan and Hong Kong.

Only a step behind are New Zealand, Australia, Singapore, Macao, Argentina, Brazil and several Middle Eastern countries. In recent years exports to Eastern Europe and the Soviet Union have risen and some trade goes on as well with African countries such as Senegal, Lib-

ya, Morocco, Tunisia and Algeria.

Exports will continue to figure importantly as China's economy grows. "We anticipate a great leap forward," says Liao, "in doubling our production by the year 2000. And we will continue to increase exports to gain foreign currency and help speed the Four Modernizations."

The Imperial Flavor of Chestnuts

The year was 1900. The Boxer Rebellion had just collapsed, and the Allied army was cracking the two-month Siege of Peking. As the Allies entered the imperial city, Empress Dowager Tze Hsi and her son, the Emperor Kwang Hsu, fled west through the plains of Hebei to the old Western capital of Sian, 1,100 kilometers (680 miles) away.

Deserted by many in her entourage, the empress found herself short of food. Pausing in a small village, she demanded sustenance from the peasants and was given one of their staples, chestnut cakes. Used to considerably more exotic fare, she demurred at first, then tasted. And from that point on—so the story goes—Hebei chestnuts became her favorite food.

With that sort of endorse-

ment, Hebei's chestnuts eventually became China's best-known nuts. The Japanese in particular are heavy importers of the product, but Hong Kong and Southeast Asia are also regular customers.

The chestnuts are exported by the China National Cereals, Oils and Foodstuffs Import and Export Corp. Xu Zhiying, deputy manager of the Fruit and Vegetables Department of the corporation, recognizes that chestnuts are grown in many other parts of the world, but she admits to being a strong partisan of her own product.

"It's a bit sweeter than foreign chestnuts," she says, "has its own specially good taste, is easier to peel and easier to store."

Each year, Chinese chestnut growers produce about 25,000 tons. Hebei's primary growing area is Yensan County, about

400 kilometers west of Beijing, and its products are shipped to Japan under the Tianjin brand. Other growing areas are in Shanxi, Hubei, Kansu, Zhejiang, Hunan and Hanzhong.

Yensan, however, has been a leading producer for 3,000 years, largely because Yensan's climate suits the trees. Yensan chestnuts have a good bright color and are very solid (containing 10.7 percent starch, 14 percent fat, 17.1 percent protein, 4 percent fiber, and many essential vitamins.)

The corporation exports—and imports—considerably more than chestnuts. Among its offerings are a wide selection of fresh, dried or frozen fruits and vegetables; cereals; edible vegetable oils; livestock, poultry and meat; canned goods; marine products and wines and spirits.



FIVE SUBSIDIARIES OF CHINA NATIONAL NATIVE PRODUCE AND ANIMAL BY-PRODUCTS IMPORT & EXPORT CORPORATION

With the approval of the Ministry of Foreign Economic Relations and Trade of the People's Republic of China, and the State Administration for Industry and Commerce, the China National Native Produce and Animal By-Products Import & Export Corporation has set up five subsidiary organizations in Beijing. We are willing to expand business, strengthen cooperation and exchange technology with the economic and trade circles all over the world.

CHINA CARPET

IMPORT & EXPORT CORPORATION

Business scope: Importing and exporting carpets, rugs, wall tapestries, floor-coverings made of various kinds of fibres, and materials, auxiliaries, equipment, and technology, as well as interior decoration materials.

Address: 82 Dong An Men Street, Beijing, China
Telex: 22896 TUHSU CN

CHINA TEA

IMPORT & EXPORT CORPORATION

Business scope: Importing and exporting tea, coffee, cocoa and beverages.

Address: 82 Dong An Men Street, Beijing, China
Telex: 22899 TUHSU CN

CHINA FLOWERS

IMPORT & EXPORT CORPORATION

Business scope: Importing and exporting ornamental plants, birds, fishes and pet animals, as well as horticulture; conducting technical cooperation and handling domestic sales.

Address: 22 Banchang Lane, Jiao Dao Kou, Beijing, China
Telex: 210204 CFCC CN

CHINA TIMBER

IMPORT & EXPORT CORPORATION

Business scope: Importing and exporting timbers and timber products

Address: 82 Dong An Men Street, Beijing, China
Telex: 22898 TUHSU CN

CHINA

INTERIOR DESIGN & DECORATION MATERIAL IMPORT & EXPORT CORPORATION

Business scope: Interior designing, decoration works, import and export of decoration materials, furniture and fixtures.

Office: 82 Dong An Men Street, Beijing, China
Reception Room: Peace Hotel, (No. 3 Gold Fish Alley, Beijing)
Telex: 210207 SURDD CN

Silk: 2,000 Years on the Market

For centuries silk has been the prime link between the Orient and the Occident. Little wonder that the network of caravan trails linking China to the Mediterranean 2,000 years ago was called, quite simply, the Silk Road.

Although other nations now produce their own silk, China still dominates the market. "Total world silk production," says Li Haoran, vice president of the China Silk Corp., "is well over 50,000 tons a year, and China produces 60 percent of this." Perhaps more significantly, China these days handles 90 percent of world raw-silk exports, a good deal of which goes to Japan, India and the Soviet Union. In the fabric area China exports 40 percent of world-market silk fabrics, and most of the raw material for U.S. high-fashion silk comes from China.

Despite the age of China's silk industry, the China Silk Corp. is new on the scene. Founded in March 1982 to, as Li puts it, "put an ancient industry under rational control," the corporation's officers are directly responsible to the State Council.

Production and marketing facilities now are under one roof and are well on the way to being completely integrated. "This has improved our economic and export efficiency," Li says. "Before, we had to



write to the State Council to get top-level decisions made. No more."

The corporation's business is mainly in silk exports. It also handles imports of chemical fibers, dyes and dye machinery. Domestic silk sales, formerly

under the Ministry of Commerce, now are handled by China Silk And Cocoon purchasing, once under the All-China Cooperative Corp., also comes under the corporate umbrella.

That's not all. The corporation

also works with two universities and one silk industry school as well as many silk research institutes. "Now," says Li, "we handle the whole process, from the cocoons to ready-made goods."

So far, he adds, the state is

Putting an ancient industry under rational control.

pleased with the corporation's progress. "Under the plan, we hope to triple our production before the end of the century. But this will be difficult. We must worry about improving quality as well as quantity and delivery efficiency."

Li points out that China dominates the world in its quantity of silk production but lags in quality, finishing, style and promptness of delivery.

"We will change this situation, but this will take a long time. In Japan and West Germany, higher technology produces better quality. We have no intention of destroying the silk industry in Western Europe... this dish must be shared by all."

As it now stands, China exports 4,000 tons a year of raw silk, as well as large quantities of silk fabrics, to Western Europe. Japanese silk is three times more expensive than the world market price of \$25,000 a ton (about ten times the price of cotton). Only China, according to Li, can provide top quality at this price.

His corporation's exports of ready-made goods are also growing, but China's annual

exports of \$100 million add up to only about 2 percent of the worldwide total of \$50 billion.

A looming problem for the silk industry is cost-effectiveness. Efforts to streamline production have not been totally successful, raw silk production has ended in Western Europe and it is declining in Japan. And even in China's more developed areas, Li says, sericulture is declining: it is long on time and short on profit. In Sichuan, however, production is increasing. Now more than a quarter of national raw-silk output comes from this province.

To some Western eyes, China's chief problem with its ready-made garments, can be summed up in one word: style. China's designers are not yet up to the level of European stylists, but Western Europe won't let China ship finished goods in any case.

There are plans to send Chinese designers abroad to study foreign styles and improve the level of Chinese goods. Chinese fashion shows have already been staged in Hong Kong, Japan and in China as well, and there are plans to send a fashion show to the United States next year.

Ad Trade Specialists

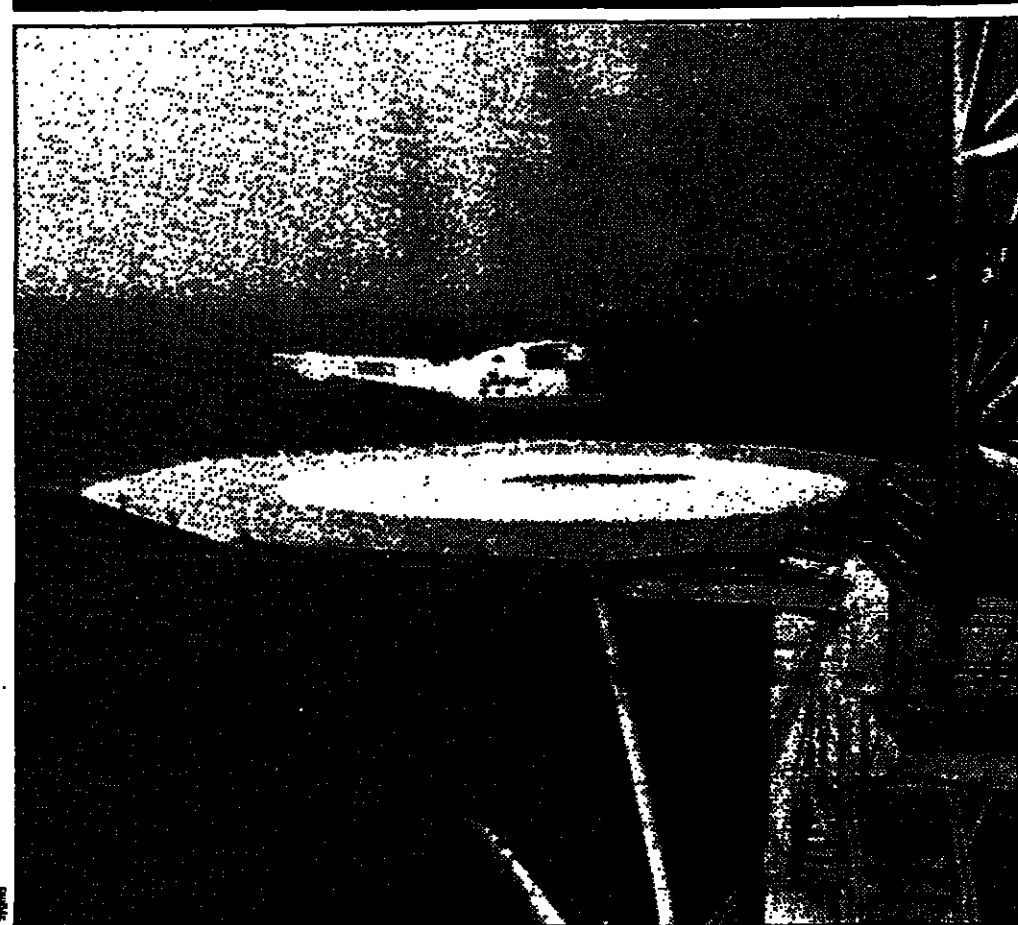
Business contact with import-export firms is smoothed by the China International Advertising Corp., founded in 1984. Headed by Ruan Jiageng, president, and Wang Bo, vice president, CIAC is an independent economic entity, responsible for its own management—and its own profits and losses.

Foreign business travelers can ask CIAC to make hotel reservations, arrange transportation and make appointments with leading executives of the country's import-export corporations. In addition, CIAC will

handle market research assignments, undertake advertising and promotional activities for overseas and domestic firms, and handle exhibitions as well.

The firm also acts as an agent for China's export commodity advertisements in other countries as well as handling overseas advertisements in China.

Its major objective is to open up international advertising business. To this end CIAC will design ad layouts, provide economic information and advise on sales strategy.



In less than 15 years, the Chinese went from total oil dependence to total oil independence, opening the way to new export items. Left, a Chinese offshore drilling operation. Below, a worker in a petrochemical complex.

Chemicals for Self-Sufficiency and Profit

In an era when foreign trade and hard currency profits are important in China as rarely before, the claim of the China National Chemical Import and Export Corp. is very much worth listening to. A company spokesman says, "We have earned more foreign exchange for China than any other corporation."

Figures for 1984 alone are impressive. In that year, CNC's import and export totals reached a combined total of \$10.4 billion, and 60 percent (or \$6.3 billion) came from exports. So far this year, preliminary figures indicate that ex-

ports are running 20 percent ahead of last year's numbers. Foreign exchange income so far is up 22 percent.

This is CNC's 35th anniversary, and its activities are distinctly different now than at its founding. In those days imports were all-important, but now the cables have turned. China has become self-sufficient in many items and now can export products previously imported.

A leading example is oil, imported 100 percent in 1949. In following years, China's petroleum development gathered speed. By 1982 the country had reached self-sufficiency levels

and begun exporting small quantities of crude. A decade later, a million tons of crude were being exported annually to Japan. Since then millions of tons of crude, light diesel and aviation fuel, coal oil lubricating oil and petroleum have been shipped to customers in Japan, the Philippines, Thailand, Singapore, Korea, Australia, Turkey, Italy, Spain, the United States, Brazil, Chile and Romania.

Today oil is China's most important single export.

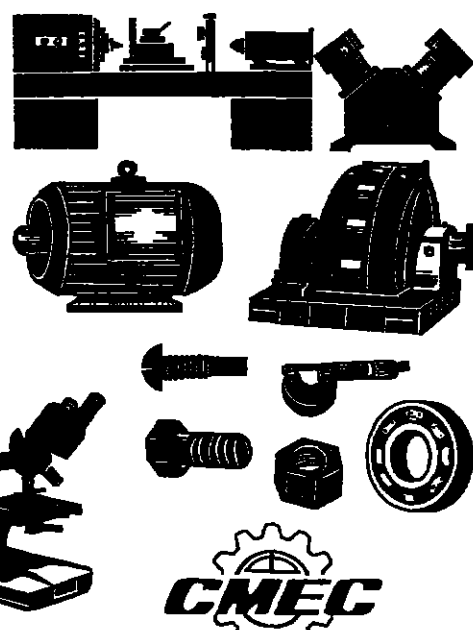
But it is not by any means CNC's sole money-maker. Among its other exports are

organic and inorganic chemicals, dyes, printing inks, chemical reagents, synthetic rubber products and pesticides. Customers for these products are in more than 130 countries across the world.

The corporation continues to expand its activities abroad. Independent offices have been set up in Hong Kong and Japan, and a representative office is located in Singapore. There are branch offices in the United States, France, West Germany, Japan, Panama, Singapore and Hong Kong. Plans are also under way for more branch offices in Brazil, Britain, Thailand and the Middle East.

China National Machinery & Equipment Import & Export Corporation

CMEC deals in the export business of machinery and instruments manufactured by enterprises under the Ministry of Machine-Building Industry of the People's Republic of China. It handles the introduction of technology, co-production, joint ventures and the import of machinery, equipment, instruments, parts, components and raw materials needed by the said enterprises. It also undertakes trade practices such as processing with supplied drawings, samples and



materials and assembling with supplied parts, compensation trade, technical service and labour export.

- Main Export Items:**
- Machine Tools & Tools
 - Heavy-Duty Mining Machinery
 - General-Purpose Machinery & Machinery for Petroleum & Chemical Industries
 - Bearings & Essential Parts
 - Instruments & Meters
 - Electric Products
 - Complete Sets of Equipment & Complete Projects
 - Various Kinds of Specialised Equipment

12, FU XING MEN WAI STREET, BEIJING, CHINA TEL: 362561 CABLE: EQUIPEX BEIJING
TELEX: 22186 EQUIP CN 22610 EQUIP CN 22341 CMIC CN



CHINA SILK CORPORATION
82, DONG AN MEN STREET, BEIJING, CHINA
CABLE: CHINA SILK BEIJING, CHINA
TELEX: 22652 CSCBJ CN TEL: 558831, 551995

PRINCIPAL IMPORTS & EXPORTS

White Steam Filature, Thrown Silk, Duppon Silk, Native Silk, Spun Silk Yarn, Silk Noil Yarn, Silk Tops, Silk Noils, Silk Wadding, Silk Waste, Waste Cocoon, Blended Yarn, Tussah Silk, Pure Silk Piece Goods, Spun Silk Fabrics, Noils Poplin, Tussah Silk Fabrics, Rayon Fabrics, Synthetic Fabrics Blended and Mixed Fabrics, Pure Silk Knitted Fabrics, various Embroidered and Non-Embroidered, Silk Garments and other Silk Ready-Made Goods made of the above mentioned materials.

MAIN BRANCHES OF FOREIGN BUSINESS:

CHINA SILK CORPORATION,
JIANGSU IMPORT AND EXPORT BRANCH
50 ZHONGHUA ROAD, NANJING, CHINA
CABLE: CHISICORP NANJING, CHINA
TELEX: 34107 SLFNN CN TEL: 24580



CHINA SILK CORPORATION,
ZHEJIANG BRANCH
8 MEIHUA BEI HANGZHOU, CHINA
CABLE: ZJSILK HANGZHOU, CHINA
TELEX: 35016 TZCSB CN TEL: 25234

CHINA SILK CORPORATION,
SHANGHAI IMPORT AND EXPORT BRANCH
17 ZHONG SHAN ROAD E. 1, SHANGHAI, CHINA
CABLE: CHISICORP SHANGHAI, CHINA
TELEX: 33059 CTSSB CN TEL: 215770

CHINA SILK CORPORATION,
GUANGDONG BRANCH
63 WEN MING ROAD, GUANGZHOU, CHINA
CABLE: SILK GUANGZHOU, CHINA
TELEX: 44071 KTTX CN TEL: 31750

CHINA SILK CORPORATION,
QINGDAO IMPORT AND EXPORT BRANCH
32 LAIYANG ROAD, QINGDAO, CHINA
CABLE: CHINASILK QINGDAO, CHINA
TELEX: 32114 SLKOD CN TEL: 85010

CHINA SILK CORPORATION,
DALIAN IMPORT AND EXPORT BRANCH
68 XING LIN STREET,
ZHONG SHAN DISTRICT DALIAN, CHINA
CABLE: CHISICORP DALIAN CHINA
TELEX: 86166 DSILK CN TEL: 27612 28609

ANNOUNCEMENT OF CHINA METALLURGICAL IMPORT & EXPORT CORPORATION ON THE EXPANSION OF BUSINESS

In accordance with relevant regulations of the State Council, beginning January 1, 1985, the China Metallurgical Import and Export Corporation is authorised to handle imports of

- IRON ORE
- MANGANESE ORE
- CHROME ORE
- PIG IRON

- SCRAP
- BLOOM
- BILLET
- SLAB

All our trading friends are cordially invited to develop co-operative business relations with us.

Address: 46 Dongsixi Dajie, Beijing, China
Cable: 2250 BEIJING

Telex: 22461 MIEC CN
22604 MIEC CN
Phone: 550197



Tea
World

Export

Discover

CHINA NAT
PRODUCTS IN

China Nat
and Export O
the corporati
between Relati
between vari
major parts of
economy are also
of the world.
The purpose
policy of opening
the increase of ex
import and expo

ADVERTISING SECTION

ADVERTISING SECTION

Tea Tempts the World's Palate

The names themselves call up a world of sumptuous tastes: Keemun, Panyong Congou, Lapsang Souchong, Lung Ching, Hyson, Gunpowder, Jasmine, Yulan, Flowery Peony.

and Export Corp. This figure represents about 10 percent of the corporation's total 1981 exports of \$2.5 billion and is by far its single most valuable export.

says, and China controls a full third of the world market. Italian manufacturers buy much of their goat skin from China, and China fur is growing in popularity. In many categories, China is now exporting finished articles as well as the more traditional raw materials. In the native produce area, bamboo probably is the best-known single product: furni-



Blended, black or green, China's tea remains the world's most popular.

Black Brick. And consider the Oolongs alone: Chi Chung, Ta Hung Yen and Ming Xiang—all semifermented varieties with strong, full flavor.

China's tea, it's fair to say, is the world's most popular and its variety is huge. While Americans prefer blended teas, West Germans and Britons like black tea (Britain alone imports 200 million tons of black tea a year) and African nations prefer green tea.

All in all tea exports earn China \$200 million a year, according to Bu Yingwen, assistant manager of the China National Native Produce and Animal By-products Import

More than 10,000 products are sent abroad each year, but a select group of only a dozen (including tea) generates \$500,000 to \$1 million apiece. Among the other big earners are mint oil, carbon, cashmere, hog bristles, sausage casings and angora. China controls more than 90 percent of the world Angora rabbit-fur market.

The corporation divides its products into three categories: tea, animal by-products and native produce, each with its own star attractions.

In the animal by-product sector, carpets are the most important single export. Demand for down has risen significantly. Bu

ture and kitchenware made of bamboo are seen in most parts of the world. Spices (such as dill, coriander and pepper) and essential oils (basil, spearmint and patchouli) are also important. And most people in the world have heard of Chinese fireworks.

With 64 domestic branches and many offices and representatives abroad (London, Paris, Tokyo, Hamburg and Paramus, New Jersey among them), the 35-year-old corporation is active worldwide. Ninety percent of its exports go to four major areas—the United States, the European Economic Community, Japan and Hong Kong—in roughly equal proportions.

From Otter Liver to Antibiotics

It is all a little bit like the first scene of "Macbeth," reading these catalogues: no eye of newt or toe of frog, to be sure, but the customer is offered deer antler or sinew, dried frog, otter liver and fossil teeth. And then there's licorice extract, joshua sponges, male indigo, hops, ginseng and that old favorite, white fungus. All these items and thousands more besides are among the offerings of the China National Medicines and Health Products Import and Export Corporation.

The firm was established January 1, 1984 to deal with imports and exports "more professionally" than before, explains Yuan Zhengping, deputy general manager of the corporation's research and development division.

There are two major sectors of the corporation: the so-called "crude drugs," or Chinese herbal medicines, and Western medical implements and drugs that either were developed in China or are made here under license. Exact totals of recent imports and exports are not available, but Yuan speaks of "a few hundred million" U.S. dollars.

Traditional Chinese medicines, relatively little known in the West, have a ready market in Japan and Southeast Asia and to a lesser extent in the United States and Western Europe (notably France and Italy). Yuan points out that herbal medicines made here are now being tested by laboratories in the United States, West Germany, Switzerland and the Soviet Union.

All Chinese medicines made for export, Yuan emphasizes, must pass the standards set in the United States by the Food and Drug Administration and in Britain by the BP (British Pharmacopoeia).

The "crude drugs" come from nearly all parts of China.



Chinese herbal medicines have become an important export item. Left, "Cultivating Medicinal Herbs," painted by Pai Hsu-hao, a male commune member.

Current Chinese medical practice uses these traditional medicines in tandem with Western products. In acupuncture, for example, doctors use electronic needles which automatically determine the correct insertion depth.

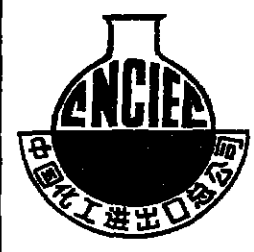
In the corporation's Western medicine sector there are several joint-venture arrangements. Many foreign firms are working to smooth out production and quality control, and foreign equipment has been brought in. Among joint-venture partners are CIBA-Geigy of Switzerland, Pfizer of the United States and the Belgian division of the U.S. firm of Johnson & Johnson. Negotiations for other joint-venture partnerships are under way with Beecham's of Britain and other companies in Japan and West Germany.

Under the latest Five Year Plan (1985-90), Yuan says that the corporation hopes to double sales—and double them again by the year 2000. To help that drive, branches are to open in major world cities. Hamburg is set, and negotiations are proceeding for more offices in New York, Hong Kong and Japan. The corporation has a total of 43 branches in China itself.

IMPORT AND EXPORT ITEMS

1. Crude Oil
2. Oil products
3. Chemical fertilizer
4. Natural rubber
5. Chemical constituents
6. Plastics
7. Paints
8. Printing inks
9. Dyes
10. Pigments
11. Pesticide
12. Synthetic rubber
13. Rubber products
14. Chemical reagents

SINOCHEN 1950-1985



CHINA NATIONAL CHEMICALS IMPORT & EXPORT CORPORATION

OFFICES

1. Branch corporations in 22 of the 30 Chinese provinces, metropolitan and autonomous regions.
2. Branch corporations in the cities of Chongqing, Guangzhou, Wuhan, Shenyang, Dalian and Harbin.
3. Jingshan United Trading Co., Jingshan, Shanghai.
4. Yanshan United Foreign Trade Corp., Yanshan, Beijing.
5. Liaohua United Foreign Trade Corp., Liaohua, Liaoning Province.
6. China Resources Petroleum and Chemicals Corporation, Ltd., Hong Kong.
7. Nam Kwong Trading Co., Macao.
8. Representatives in Japan, Federal Republic of Germany, France and Singapore.
9. Sole and joint ventures in USA, Hongkong, Japan, Panama and Federal Republic of Germany.

SERVICES

1. Acting as agents
2. Processing of customers' materials
3. Compensation trade
4. Joint ventures
5. Barter trade
6. Co-operative enterprises
7. Technical exchanges
8. Information on international trade
9. Marketing consultation

We will negotiate and trade with people in the lines of petroleum and chemicals all over the world, and cordially supply them with trade information and quality service.

HEAD OFFICE IN BEIJING PROVIDING INFORMATION & SERVICES

China National Chemicals Import and Export Corporation, Address: Eriqou, Xijiao, Beijing, People's Republic of China. Cable: SINOCHEN, BEIJING. Tel.: 22243 CHEMI CN. Other Divisions: 22552 CHEMI CN (Petroleum and Petroleum Products Divisions); 260153 CHEMI CN (No. 1 Import Business Division); 22762 CHEMI CN (No. 2 & No. 3 Import Business Divisions); 22556 CHEMI CN (No. 1 & No. 2 Export Business Divisions); 22087 CHEMI CN (Logistics and Transport Division).

Exporting the Factories Themselves

In central Pakistan's city of Guddu this month, final work is accelerating on a huge new 210-megawatt thermopower station, exported in its entirety to Pakistan by one of China's burgeoning import-export corporations.

This is a turnkey operation, says Xi Yudi, acting president of the China National Machinery and Equipment Import and Export Corp. (CMEC). The plant's Pakistani owners need only turn a key, in effect, to spark it into operation on completion next February.

So far, Xi says, this is the largest complete thermopower station this firm has installed abroad. CMEC supplied every-

thing from design and equipment to the workers and technicians needed to install the plant and train its new Pakistani operators. Almost 400 Chinese in all were involved. In addition a Pakistani team came to China for training, while a small Chinese unit will remain in Pakistan for the first year of operation to oversee operation.

The Pakistan contract is an example of the corporation's Third World-oriented policy, Xi says. "Our technology is more suitable to the Third World, and thus it is a natural objective."

But CMEC also ships selected products to Western customers. Its heavy lathes, for

example, are turning now in Hannover, West Germany. It has sold steel-rolling mill equipment to Siemens in that country. And there are other connections as well: General Electric and Westinghouse in the United States, Alstom Atlantique in France, BBC Brown Boveri of Switzerland and several Japanese firms. CMEC works under the Ministry of Machine Building Industry, which has eight major categories of products:

- Machine tools and toolings, grinding machinery and abrasives.
- Electrical products and generators, hydropower equipment, electrical cables and wires

and electrical motors.

- Heavy mining machinery, excavators and cement factories.

- General petrochemical machinery, including pumps and compressors.

- Electric and electronic instruments and meters.
- Hydraulic equipment and bearings.

- Agricultural machinery.
- Automobiles and trucks.

(CMEC does not handle exports of the latter two categories.)

Founded in June 1978 as China's major economic reforms gathered impetus, CMEC in 1984 exported a total of \$350 million, up about 10 percent

from the 1983 total of roughly \$310 million. It has 36 branches within China: one in each of the 28 provinces except Taiwan and Tibet, one in the Shenzhen autonomous zone near Hong Kong and others in major cities such as Wuhan, Chongqing, Sian and Shenyang.

There are many offices abroad as well. Hong Kong is of course a major operation, and CMEC has a total of 22 foreign branches. These are located in West Germany, Britain, France, Turkey, Pakistan and Japan. Joint operations are expected soon in Chile and Australia, and there are plans afoot as well for offices in the United States and Peru.

Discover The Flavour Which Made Hebei Chestnuts Famous

In a country with a long tradition of dedication to good foods, it is often said that the Chinese relish Hebei Chestnuts more than many other delicacies.

Hebei Chestnuts have been well-known and widely enjoyed in China for centuries but their adoption as a favourite food of an empress of China in the Qing Dynasty made their popularity even more widespread.

Every 100 grammes of Hebei Chestnuts contains essential vitamins and minerals and these constituents:

- coarse fibre : 1.2 grammes
- fat : 1.5 grammes
- protein : 4.8 grammes
- carbohydrates : 44.0 grammes



To find out more about this delicious and nutritious product, contact:

China National Cereals, Oils and Foodstuffs Import & Export Corporation Hebei Branch at 8 Jichang Road, Schijiazhuang, China. Cable: CEROLFOD SHIJIAZHANG. Tel.: 22547 WHBFC CN

or contact

China National Cereals, Oils & Foodstuffs Import & Export Corporation 82, Dong An Men Street, Beijing, China. Cable: CEROLFOD Beijing. Tel.: 22281 CEROF CN or 22111 CEROF CN

and surgical instruments, to absorb foreign investment, to introduce technical know-how, to practise joint ventures and joint operations through the channel of trade, thus promoting the process of modernizing China's medicines, health products and surgical instruments.

With this end in view, we warmly welcome our counterparts in various places of the world to enter into business relations and develop trade with us on the basis of equality and mutual benefit, and we will do our level best to provide facilities to our customers.

Address: Building No. 12, Jianguomenwai Street, Beijing, China.

Tel: 503344

Telex: 210103 MEHEC CN

Cable: MEHECO BEIJING

CHINA NATIONAL MEDICINES & HEALTH PRODUCTS IMPORT & EXPORT CORPORATION HEAD OFFICE

China National Medicines & Health Products Import & Export Corporation, Head Office is a specialized trade corporation under the Ministry of Foreign Economic Relations and Trade with branch offices scattered in various provinces, autonomous regions and major ports of China representative or operational agencies are also to be stationed in the leading markets of the world.

The purpose of the Corporation is, according to the policy of opening to the outside world and focusing on the increase of economic efficiency, to actively develop import and export trade in medicines, health products

CHINA NATIONAL TEXTILES IMPORT & EXPORT CORPORATION

China National Textiles I/E Corp. (Chinatex) is a state-owned enterprise dealing in the import and export of textiles. We do business in many different ways, such as joint ventures, cooperative enterprises, agency representation and supplied materials processing. We cordially invite business people all over the world to contact us for discussion.

Chinatex Products and Services

We import and export cotton, wool, man-made fibers: cotton yarn, man-made fiber yarn and blended yarn; sewing thread, woolen knitting yarn, blended knitting yarn, grey cotton cloth; bleached, dyed, printed and yarn-dyed cotton fabrics; polyester/cotton fabrics, man-made fiber fabrics, blended fabrics, linen; worsted and woolen fabrics, plush, interlining woolsens; garments for men, women and children, infant's outfits, cotton knitwear, woolen knitwear, man-made fiber knitwear, blended knitwear, cotton and blended manufactured goods and blankets.

Chinatex Subsidiaries and Other Organizations

China Textiles Raw Materials I/E Corp. deals in cotton, wool and woolen tops, man-made fiber raw materials (1. polyester; polyester cotton; polyester tops and polyester finished yarn. 2. Acrylic; acrylic cotton, acrylic tops, acrylic yarn and acrylic fur; 3. Polyamide; polyamide cotton, polyamide stretch yarn; 4. man-made cotton); all kinds of man-made fiber fabrics for garments and other industries.

China Textile Garments Accessories I/E Corp. deals in linings (including man-made fur), padding, sewing threads, embroidery threads, straps, laces, elastics, labels, zippers and buttons.

China Export Garments Research Center promotes technical exchange and further development of China's garment export. It offers a wide range of services including fashion design, trade information and marketing consultation. It also imports garments for design research and deals in the export and domestic trade of fabrics and clothing accessories. The center is also active in other businesses such as joint ventures with foreign partners and cooperative enterprises.

China Fashion Magazine Press publishes "Fashion" magazine (in Chinese) and "China Fashion" magazine (in English). They provide the latest information on the fashion world, introduce new fashion designs and new garment products. The Press also offers consultation services, organizes fashion design competitions and fashion shows. Both publications accept advertising.

For further information, please contact:



China National Textiles I/E Corp. 82, Jianguomenwai Street, Beijing, China. Cable: CHINATEX Beijing. Tel.: 22280 CHINATEX CN

Agent in Hong Kong: China Resources Textiles Co., Ltd. 4/F, 401-402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

Agent in Macao: Nam Kwong Trading Company, Nam Tung Biao Building, Rua da Praia Grande, 22-2, Macao. Cable: NAMKWONG MACAO. Tel.: 98358 NAMKWONG MACAO

FOR MORE INFORMATION ABOUT CHINA Just complete this coupon.

Indicate below the subjects on which you would like to obtain more information (✓)

List of advertisers

- China Metallurgical Import & Export Corporation
- China National Cereals, Oils & Foodstuffs Import & Export Corporation
- China National Chemicals Import & Export Corporation
- China National Machinery & Equipment Import & Export Corporation
- China National Medicines & Health Products Import & Export Corporation
- China National Native Produce & Animal By-products Import & Export Corporation
- China National Textiles Import & Export Corporation
- China Silk Corporation

RETURN THE COUPON WITH YOUR BUSINESS CARD TO: International Herald Tribune, 1005 Tai Sang Commercial Building, 24-34 Hennessy Road, Hong Kong

Wednesday's
NYSE
Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

[illegible][illegible][illegible]

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

[illegible][illegible]

courage to think and make decisions that
beyond today.

BMW company cars:
its business philosophy on 4 wheels.

no other car is more suited to that kind
organisation than a BMW.

at least because it is a mirror image of the
the qualities which distinguish the company
and have made it successful.

because a BMW is technologically so far

ahead of its time, it represents an excellent investment from the purely commercial point of view as well.

Take the BMW 5-Series. The exceptionally wide, carefully balanced range means that you can match every organisational or hierarchical requirement perfectly and in a highly individual, personalised way.

And as a BMW's exclusivity and unmistakable personality is underlined by a level of quality that's a long way above conventional

standards, it also lets you express motivation, recognition and personal success to the full. So specifying BMWs for your car fleet publicly reaffirms entrepreneurial farsightedness and the ability to recognise the ultimate in contemporary values. And they also demonstrate that, on 4 wheels as well, you have no intention of travelling in the wake of progress. Furthermore, by allowing your colleagues to step behind the wheel of a BMW, you're also telling them that you believe greater effort deserves greater reward.

So perhaps it's no wonder that more and more successful companies are choosing BMW.

BMW cars.
The BMW range of fine automobiles: the ultimate in performance, comfort and safety.



BMW AG, Munich

INTERNATIONAL POSITIONS



ABU DHABI NATIONAL OIL COMPANY ANNOUNCES THE FOLLOWING VACANCIES

PLANNING SUPERINTENDENT

Responsible for the work of the Planning Department in Exploration & Production, comprising studies on ADNOC Group strategies for the changing environment, and on optimisation/development of operations and facilities in the ADNOC Group Oil Operating Companies, integration of ADNOC and Operating Companies' work programmes and budgets, and monitoring and evaluation of plan implementation. The candidate should have a B.Sc. in Petroleum/Mechanical/Chemical Engineering or equivalent, with minimum 12 years relevant experience in the petroleum production industry including 5-6 years in a managerial or senior supervisory level.

SUPERVISOR - PLANS & PROGRAMMES COORDINATION

Responsible for the evaluation and consolidation of work programmes and annual plans of the ADNOC Group Oil Operating Companies (OPCOs) and integration of ADNOC Sole Risk plans for exploration, condensate and gas. Directs the appraisal of budgets and expenditure phasing. Monitors OPCOs' performance, identifies and analyses major problems, and formulates recommendations on course of action.

The candidate should have a B.Sc. in Petroleum/Mechanical/Chemical Engineering or equivalent, with minimum 10 years relevant experience in the petroleum production industry, including 4-5 years at a senior supervisory level.

SERVICE COMPANIES' COORDINATOR

Responsible for the review, analysis and follow-up of work programmes, capital projects, budgets and operations of assigned oil industry Service Companies in the ADNOC Group. He is required to see that ADNOC objectives for the Service Companies, particularly in relation to the petroleum industry in Abu Dhabi, are optimally fulfilled, and prepare review reports and recommendations for submission to ADNOC management.

The candidate should have a B.Sc. in Engineering with minimum 10 years experience in industry (preferably petroleum related) including 4-5 years experience in a senior supervisory level.

OPCOs' OPERATIONS COORDINATOR

Represents ADNOC and coordinates and monitors on its behalf all activities related to the operations and related services of the Oil Operating Companies in the ADNOC Group, so as to conform to ADNOC's policy and guidelines. Represents ADNOC in the related Tender Boards and prepares recommendations on ADNOC position on contract awards renewals, extensions and purchases for submission to ADNOC management.

The candidate should have a B.Sc. in Engineering, with minimum 10 years engineering experience in oil or allied industry with 4-5 years in the drilling and production operations in a senior supervisory level.

Very good knowledge of English is essential for all these appointments. Knowledge of Arabic will be an advantage.

Interested candidates are invited to forward their application together with photocopies of their education and experience certificates, within three weeks from the date hereof, to:

PERSONNEL DIRECTORATE - EMPLOYMENT DIVISION
ABU DHABI NATIONAL OIL COMPANY
P.O. BOX 898 ABU DHABI - U.A.E.

Wednesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

(Continued from Page 11)

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

25 100 High Low Cash Div. Yld. P/E 25 100 High Low Cash Div. Yld. P/E

Why \$ Billions will be Pouring into Energy

with the Right Stocks Just Starting to Climb

Many nervous analysts were rattled during the oil-price slump of late 1984 when Texaco paid \$10.2 billion for Getty. But as Indigo points out in its current report, recent \$6 to \$7 gains in the price of spot crude may have confirmed that Texaco paid a sixth of the potential value of Getty reserves. Gains that perceptive buyers have made since glut-panic lows just in Exxon, Amoco and Texaco have added \$15 billion to leveraged buying power of the few who understand why the energy cycle has turned upward again. Other current Indigo subjects include price-action potential for long-depressed services leaders such as Hughes and Schlumberger as well as new buying power flows into these and the more aggressive junior explorers. To receive complimentary copies of Indigo's Discovery reports, simply complete and return the coupon.

Indigo

Keizersgracht 534, 1017 CA Amsterdam

Gentlemen:
At no cost or obligation to me, please begin sending your "Discovery" studies with share-price projections.

NAME _____

ADDRESS _____

PHONE _____

DATE _____

GEOSURVEY INTERNATIONAL LIMITED

require to appoint a
MANAGER, MIDDLE EAST

to be based at the company's Technical Co-ordinating and Data Processing centre at East Molesey, Surrey.

The responsibilities of the Manager, Middle East will be the co-ordination and development of the company's business and technical operations in that area. It will be necessary for the appointee to have extensive knowledge of business activities and markets in the Middle East, able to demonstrate his contacts in the relevant fields of operation, and be fluent in both spoken and written English and Arabic.

Activities covered include airborne and ground geophysics, mineral and groundwater exploration, mining engineering and management, remote sensing, geochemistry, aerial photography, ground surveys, photogrammetry, orthophoto and digital mapping, and resources surveys and inventories.

Salary, for suitable experienced and qualified candidate, will be negotiable in the region of £10,000 per annum.

Applications in writing, with fully detailed curriculum vitae, should be sent to:

Mr. D.N. Edwards, Administration Manager (U.K.)
Geosurvey International Limited, Geosurvey House,
Orchard Lane, East Molesey, Surrey, KT8 0BY

INSEAD

REGIONAL DIRECTOR OF DEVELOPMENT

INSEAD, the leading private European business school, enjoys the financial support of many multinational corporations. The REGIONAL DIRECTOR will be responsible for further increasing this support, initially in Britain and in the NETHERLANDS. He/she will report to the director of development, working relationships with academic staff at school and with senior executives in the countries.

A wide range of age (minimum 35), previous experience, and educational background is acceptable. Preference will be given to candidates who combine work experience in large corporations with a familiarity with management education. English mother tongue with excellent verbal and writing skills in it, and a working knowledge of French are required.

Please send a

...ions
...ouring
...nergy
...ht Stocks
...g to Climb

Statistics Index

AMEX index	P.14	Earnings reports	P.17
NYSE index	P.14	Gold prices	P.13
NYSE market	P.14	Interest rates	P.13
Commodity prices	P.14	Market summary	P.10
Commodity prices	P.14	Oil prices	P.13
Commodity prices	P.14	OTC stock	P.17
Commodity prices	P.14	Other markets	P.18

THURSDAY, NOVEMBER 28, 1985

Herald Tribune BUSINESS/FINANCE

30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

WALL STREET WATCH

Investors' Fears Keep Stocks Climbing the Wall

By EDWARD ROHRBACH

PARIS — Why is the stock market going up, up? Simple. Because most people don't believe it will — or should. Stocks, in their own mysterious, mischievous way are climbing that proverbial "Wall of Worry."

"Despite prices reaching new highs, Wall Street is still full of worry and uncertainty," said Edward M. Kerschner, chairman of Paine Webber's investment policy committee.

"People remain skittish, if not sullen," he said. "But all bull markets have climbed a wall of worry. It is that very uncertainty that creates opportunity. And the stock market skepticism today is characteristic of the early, not the late, phase of a long-term bull market."

Describing the current rally as a "cyclical upleg in a secular bull market," he thinks it could rise another 100 to 150 points on the Dow average before hitting any other kind of a wall.

"Pullbacks of 5, 10 even 15 percent are not uncommon in bull markets," he said. "They don't go straight up. They're a series of higher highs."

This was the case in the last great bull market, from 1950 to 1966, when stocks soared 400 percent, he recalled, noting that what powered Wall Street ahead then was a three-fold gain in price/earnings ratios and a steady rise in corporate earnings.

"Corporate earnings themselves remained fairly flat, up only 2 or 3 percent a year over that period," he said. "From 1966 until 1980, an era of high inflation when company profits were tripling, the stock market did nothing, actually losing 27 percent."

What this proves, Mr. Kerschner said, is that P/E's are far more important than earnings to Wall Street. That's why he likes the market now: lower interest rates and disinflation promise to drive P/E's higher.

"Even as long as rates remain where they are, and we think they will through the rest of the year, there's still a long way to go for this rally," he said.

"There's still a long way to go for this rally," according to Mr. Kerschner.

BUT why, despite this current period of rising P/E's, which are up from 8 to 11 in the present rally, and which Mr. Kerschner says should produce widespread public confidence, are investors still so cautious?

"Today the worry is about 'unprecedented problems' of a federal budget deficit, reflation, deflation, consumer credit and LDC loans — precisely the risks that create opportunity," he said. "By frightening investors, these problems have kept stock prices at historically modest valuations."

Bull markets end in complacency — "that's when they slide off the cliff," he said. Therefore, "when the risks are gone, so probably will be the bull."

Stocks currently topping his recommended list are Bristol-Myers, Chase Manhattan, Citicorp, General Electric, IBM, National Medical Enterprises and Pfizer.

"This bull market has kissed a lot of girls," Mr. Kerschner said. "But you have to buy stock-by-stock. Groups don't work. Not long ago General Motors was touching a new low while Chrysler was hitting a new high."

Burton Siegel, chief investment officer at Drexel Burnham, agrees. "Stock selection remains the most critical element in portfolio strategy," he said.

Of particular appeal now are the large capitalization technology stocks, he said. "Valuation analysis shows that this sector offers favorable expected returns and, increasingly, the possibility of upward revisions in earnings estimates."

IBM, Burroughs and Intel are on Drexel's priority selection list, while Digital Equipment and NCR are rated just behind.

But many stocks, he warned, are risky investments at current levels.

(Continued on Page 17, Col. 1)

...ions
...ouring
...nergy
...ht Stocks
...g to Climb

...ions
...ouring
...nergy
...ht Stocks
...g to Climb

Currency Rates

Currency	Rate	Currency	Rate	Currency	Rate
American dollar	1.00	British pound	1.63	West German mark	2.36
French franc	6.55	Italian lira	2036	Japanese yen	163.6
Swiss franc	2.00	Spanish peseta	166.6	U.S. dollar	1.00
Belgian franc	36.36	Dutch guilder	3.76	Portuguese escudo	200.4
Irish pound	7.88	Portuguese escudo	200.4	Spanish peseta	166.6
... (other currencies)	...	...	...	...	...

...ions
...ouring
...nergy
...ht Stocks
...g to Climb

Interest Rates

Instrument	Rate	Instrument	Rate	Instrument	Rate
1-month T-bill	7.00%	3-month T-bill	7.00%	6-month T-bill	7.00%
1-year T-bill	7.00%	2-year T-bill	7.00%	3-year T-bill	7.00%
5-year T-bill	7.00%	10-year T-bill	7.00%	30-year T-bill	7.00%
... (other instruments)	...	...	...	...	...

...ions
...ouring
...nergy
...ht Stocks
...g to Climb

U.S. Money Market Funds

First Interbank	—	499
First		
Investment Fund	5%	5%
Money	5%	5%
Investment Interbank	5%	5%
Investment Interbank	5%	5%
Investment Interbank	5 13/16	8 13/16

Gold

Gold	Price	Gold	Price	Gold	Price
1-ounce	320.00	1-ounce	320.00	1-ounce	320.00
... (other gold prices)	...	...	...	...	...

...ions
...ouring
...nergy
...ht Stocks
...g to Climb

Markets Closed

Financial markets will be closed in the United States Thursday because of a holiday.

Veba Says Net Profit Rose 19%

Predicts Record Result for Year

DUSSELDORF — Veba AG, the West German energy, chemicals and trading concern, reported Wednesday that provisional world group consolidated net profit in the first nine months of 1985 was 387 million Deutsche marks (\$151 million), up 19 percent from 325 million DM.

World group pretax profit was 1.19 billion DM, up from 995 million. World group third-party revenue was 36.55 billion DM, against 33.06 billion.

Veba is certain of posting record profit this year, even with a month to go, and will pay at least a 9 DM dividend, the same as for last year, the chairman, Rudolf von Bennigsen-Förster said.

In 1984, Veba posted a consolidated net profit of 383.7 million DM, while nonconsolidated world group net was 696.9 million on third-party revenue of 49.73 billion.

Mr. Bennigsen-Förster said the nine-month profit rise was the result largely of chemical and oil operations.

Oil revenue rose 14 percent to 11.4 billion DM, while chemicals rose 9.2 percent to 4.4 billion.

The chairman said results of the two divisions had improved but gave no figures.

Electricity operations had shown good results in the first nine months despite added depreciation costs resulting from a new nuclear power plant, he said.

Electricity sales rose 0.5 percent to 50.8 billion kilowatt hours in the first nine months of 1985 compared with the same 1984 period.

Veba's wholly-owned Huel AG chemical subsidiary posted improved results in the first nine months and increased capacity use to 85 percent from 81 percent a year ago, he said.

In the oil division, which returned to profit in 1984, refinery capacity use rose to 87 percent from 80 percent in the first nine months.

In reply to questions on acquisition plans, he said he could imagine something happening in the areas of chemicals or trade but gave no details.

He said Veba and the Venezuelan company, Petroleos de Venezuela SA, were awaiting approval from the authorities in Venezuela before expanding cooperation in heavy crude oil refining.

The expanded cooperation could take the form of Petroleos de Venezuela taking over half of Veba's 25-percent stake in a refinery in Neustadt and half its 33.3-percent stake in a Karlsruhe refinery, Mr. Bennigsen-Förster said.

He attributed the sharp rise in fixed-asset investment to 2.35 billion DM in the first nine months from 1.34 billion in the same 1984 period to increased expenditure on nuclear power plants, oil exploration and chemicals production.



Joan Cooney, Children's Television Workshop president, and some CTW products.

Doing Business While Doing Good

U.S. Nonprofits Generate Revenues in New Ways

By William Meyers
New York Times Service

NEW YORK — Big Bird and his fuzzy friends have become big business at the Children's Television Workshop. It's a good thing, too. Revenues from licensing and other commercial ventures tied to Sesame Street's popular cast of characters covered almost 70 percent of CTW's expenses last year.

CTW is hardly alone in trying to generate new revenue through its own devices. Faced with Reagan administration budget cuts and a change in the tax treatment of charitable donations, U.S. nonprofits are making an unprecedented foray into the often shunned and unfamiliar world of commerce.

The Bank Street College of Education in New York now sells what one distributor calls the best-selling piece of educational computer software in American schools. The Red Cross started selling first-aid kits through its chapters earlier this month. The New York-area public television station, WNET, has moved a step closer to accepting advertising. And Planned Parenthood tried to market condoms until its affiliates quashed the idea.

"This is a new era for nonprofits," says Sandra Grymes, director of marketing for the Planned Parenthood Federation of America. "They can't depend on public funds to survive; they've got to turn to their own resources."

Ben Shute, corporate secretary of the Rockefeller Brothers Fund, added: "There are strong pressures on nonprofit organizations. They can't afford to let their assets underperform anymore."

Indeed, with mixed feelings — and results — nonprofits are in hot pursuit of funds. The federal government cut aid to these organizations by 20 percent between 1981 and 1984 — \$12.5 billion in all — and private contributions from individuals, foundations and corporations came nowhere near making up the shortfall. Now there is an added threat from Washington. Tax reformers are debating whether to reduce, for some taxpayers, the incentives for charitable giving — and that could cut further into nonprofits' revenues.

"We would prefer to be a purely educational institution," said Joan Ganz Cooney, co-founder and president of the Children's Television Workshop, "but that's a way to die." Added John Jay Ilesin, WNET's president: "We've got to move into the new frontier of enterprise or risk losing ground."

But there are risks of another sort as nonprofits try to become capitalists with a conscience. One danger is that the organizations may alienate donors.

(Continued on Page 15, Col. 5)

U.S. Says Gap In Trade Shrank To \$11.5 Billion

By Martin Crutsinger
The Associated Press

WASHINGTON — The U.S. merchandise-trade deficit narrowed to \$11.5 billion last month, sharply narrower than the record in September, the government reported Wednesday.

The October improvement came from a 13.4-percent drop in imports, down from a record \$33.3 billion in September to \$28.8 billion last month. That drop was attributed to a sharp 30.4-percent fall in car imports.

But U.S. exports, meanwhile, continued to languish, falling 2.1 percent last month, to \$17.4 billion, the lowest monthly level since February 1984.

U.S. manufacturers have been hurt all year by the strength of the dollar, which makes their products more expensive and thus more difficult to sell on foreign markets and attracts a flood of cheaper imports to the United States.

Although the value of the dollar has fallen somewhat in relation to other currencies, analysts have said that it would need to drop by 20 percent more against a basket of major currencies before substantial improvement shows up in the country's trade picture.

The merchandise-trade deficit for the first 10 months of the year totaled \$11.1 billion, 11 percent wider than the year-earlier period. For the year, the deficit was expected by government officials to reach \$150 billion, compared with last year's record of \$123.3 billion.

Beryl A. Sprinkel, the chairman of the President's Council of Economic Advisers, predicted this week that the deficit for 1986 would be even larger than the 1985 figure despite the fact that the dollar has been falling for most of this year.

He said that the immediate effect of a lower dollar would be to make imports more expensive and thus make the deficit worse. Eventually, the weaker dollar would cut the volume of imports and the trade deficit, but this improvement would not start to be felt until after mid-1986, Mr. Sprinkel said.

The country's disastrous trading performance has led to growing pressure in Congress for passage of protectionist legislation to aid domestic manufacturers, who have been forced to lay off 270,000 workers since the beginning of the year because of slumping demand.

The improvement in the October deficit came although oil imports rose 2.4 percent last month, to a new total of \$3 billion.

This rise was more than offset by the steep drop in car imports, which fell from an unusually high level of \$4 billion in September to \$2.8 billion in October. Car imports from Japan fell 44.2 percent to \$1.1 billion.

Mirroring this big decrease, the U.S. merchandise-trade deficit with Japan narrowed to \$3.2 billion in October, from a record \$5.1-billion deficit in September. This was still the largest U.S. deficit with any country.

The slight rise in the value of oil imports came as imports averaged 5.5 million barrels a day last month, down from 5.7 million barrels a day in September. The price, however, rose to an average \$26.88 per barrel, up from \$26.62 in September.

On the export side, U.S. agricultural sales rose 5.1 percent in October, to \$2.26 billion. However, exports of manufactured goods declined almost 3 percent, to \$11.8 billion.

French Right Approves Denationalization Plan

By Axel Krause
International Herald Tribune

PARIS — France's leading conservative opposition parties have approved draft legislation that would allow denationalization over five years of state-controlled banks, insurance, industrial and communication companies, a key opposition economic strategist said Wednesday.

Rejecting recent government warnings about the danger of foreign takeovers in such a plan, Alain Juppé, said that his neo-Gaullist Rally for the Republic party (RPR) and the Union for French Democracy party (UDF) had agreed to present the denationalization plan to the new National Assembly in April.

Parliamentary elections are scheduled for March 16 and most polls indicate that the Socialist party will lose the majority it won in 1981.

The draft bill, which anticipates a conservative victory, would authorize the new government to name a "minister for denationalization" responsible for implementing the program. The government would also establish a consultative denationalization commission, said Mr. Juppé, a deputy mayor of Paris and economic advisor to Jacques Chirac, the RPR leader and mayor of Paris. Mr. Chirac is widely regarded as a strong choice for prime minister should a conservative government be elected.

Another draft bill being prepared by the conservative leaders would grant greater autonomy to the Bank of France, a move being actively supported by former President Valéry Giscard d'Estaing, leader of the UDF. The proposal would establish a central bank closely resembling the Bundesbank in West Germany and the Federal Reserve Bank in the United States.

"Our goal is to implement reforms that would make the French economy more like other industrialized countries, which means reducing the role of the state," Mr. Juppé said. He noted that the government of France's central bank, unlike the chairman of the U.S. Federal Reserve Board, serves an indefinite term at the discretion of the government.

Edith Cresson, minister of industry, asserted last week that rapid denationalization could lead to foreign interests taking control of large portions of French industry.

"She is wrong," Mr. Juppé responded, "because our plan is pragmatic" and would limit foreign investments to 20 percent of denationalized companies or banks. Any newly elected conservative government also will apply that rule to non-French companies based in the European Community, he added.

French government approval now is required for foreign investment exceeds 20 percent, but only for investors outside the EC, according to an aide to Mrs. Cresson.

Mr. Juppé declined to identify the companies and banks targeted for immediate denationalization under the plan. And he emphasized that implementation would depend on a key factor: the amount generated by selling off denationalized interests in French financial markets. He estimated that that total would not exceed 10 billion to 15 billion French francs (\$1.28 billion to \$1.92 billion) annually, which some observers have termed a conservative estimate.

The conservatives intend over five years to sell back to private investors the banks and insurance companies nationalized following World War II; five industrial companies nationalized by the Socialists in 1982, and at least two state-owned communications companies. Mr. Juppé identified those as the Havas advertising agency and Sofradis, which own substantial shares in radio stations Europe 1 and Radio Monte Carlo.

The plan, Mr. Juppé emphasized, would be accompanied by a major reform program that also would provide for new tax incentives aimed at lifting price controls and stimulating investor interest in the Paris Bourse. He declined to comment on whether or not the franc should be devalued, describing the Socialist government's monetary policy as "a little loose, but going in the right direction."

There is "very definite" foreign investor interest in some of the state-owned companies, should their shares be made available, said J. Paul Horne, the international economist for the New York investment bank Smith, Barney, Harris Upham & Co.

The interest, he said included insurance companies, the Indosuez and Paribas banking-investment groups, and Cie. Générale d'Electricité, France's largest manufacturer of electrical equipment. CGE currently is negotiating a major telecommunications cooperation agreement with American Telephone & Telegraph Co.



Alain Juppé

Islamic Law vs. Western Banks: A Conflict of Interest Payments

Bob Hagerty
International Herald Tribune

RIYADH — Evening prayers have ended, and lawyers are gathering in a small beige office to argue about money.

As an air conditioner rattles, proceedings begin in the office that houses the Commerce Ministry's commercial paper committee, a court for banking disputes, where a Saudi lawyer is defending a small construction company against a bank's demand for debt payments of 7 million riyals (\$1.9 million).

The judge wraps his worry beads around his left thumb and scolds the lawyer for months of delay. After half an hour of shouting and gesticulating, the lawyer calms down, tugs at his beard and says his client will repay 4.5 million riyals; the rest is interest, and interest is contrary to Islamic law.

The judge approves this plan, assuming that the lawyer can prove the interest element at the next court session.

According to Islamic law, justice is being done. According to Western bankers, an outrage is being committed.

The contradiction between building a Western-style economy and enforcing the laws of Islam is a problem that Saudi Arabia's ruling family has struggled with for decades. But only recently, with the onset of recession brought on by the worldwide oil glut, has Islamic law emerged as a big worry for bankers.

Many bankers say their court-room losses are making them much less willing to lend to Saudi businessmen — just when the government is asking private banks and companies to take a larger role in building up the economy. "It's hard to see how banks can take up the running when the normal banking rules are being abused," said the European chief executive of a bank based in Riyadh.

Moreover, while many businessmen who borrowed on Western terms are honoring their commitments, those who refuse to do so are hurting the credit rating of the kingdom as a whole, some Western bankers say.

In many ways, the foreign bankers have themselves to blame. Many have long recognized that, as one put it, "the legal system is not designed to cope with people like us."

During the oil boom of the 1970s, when everyone was making fat profits, that did not seem to matter. Bankers lunged at the chance to lend to Saudis, especially those from princely or otherwise prominent families, and in many cases few questions were asked about how the money would be used.

A British banker who arrived after the boom shrugged and gave a simple explanation: "The banks were bloody stupid."

Now that the recession is squeezing finances, more and more borrowers — including some who were thought to be of the highest standing — are demanding delays in debt payments, refusing to pay interest or defaulting altogether. Saudi Arabia-based banks are left with a heavy load of bad or doubtful debts, roughly estimated by some bankers to total the equivalent of \$3 billion to \$5 billion.

This turn of events has forced Western bankers to focus on what they regard as serious flaws in the legal system: the borrowers' ability to create long delays, the shortage of judges conversant in modern commerce, and the difficulty of enforcing court judgments. Because precedent counts for little in the Saudi legal system, lawyers say, it is impossible to judge the likely outcome of even routine cases.

Most serious for the bankers is that they cannot ordinarily persuade the courts to enforce the payment of interest, even though it is disguised by such euphemisms as service charge, overhead or commission.

Because interest is likely to be lost, bankers say they try to reach out-of-court compromises. When a debtor refuses to pay anything, however, banks sometimes resort to the courts in an attempt to recover at least some of the principal.

Though generally considered lenient toward debtors, Islamic law can be harsh. For instance, the court session described above also included a brief appearance by a skeletal young man, accused of being the author of some highly fictional checks, who was led into the room in handcuffs and ankle chains, his eyebrows twitching nervously under a red-and-white head-dress. He left as he had entered, in chains.

Debtors can be jailed if the lender has clear proof of an unpaid debt. Sometimes, putting the recalcitrant debtor in prison induces a spirit of compromise, a senior U.S. lawyer observed.

Banks also are turning to the use of debt-collection agencies, including such international concerns as Dun & Bradstreet Inc. One Western banker in Riyadh said he had obtained good results by using "a rather nasty-looking gentleman who is very persistent."

On an informal basis, some of the 11 commercial banks in Saudi Arabia are sharing information on problem debtors. One banker mused about trying to embarrass problem debtors into paying by publishing their names in foreign newspapers.

But bankers say many of the problem debtors are members of the extended royal family, and banks do not dare to use tough tactics against such personages.

Having made huge profits during the boom, the banks, in their current predicament, draw little sympathy from most Saudis. "Personally, I don't think the banks are doing enough" to support Saudi businessmen, Abdul Aziz al-Zamil, minister of industry and electricity, said in an interview. "They have been on the receiving side for a long time."

At the Finance Ministry and the central bank, however, senior officials say they recognize the banks' problem and are working on solutions. Some bankers are mildly encouraged by a new arbitration system for commercial disputes, though it has not yet been seriously tested and officials say that Islamic courts will monitor decisions to ensure that Islam is not betrayed.

After the Boom

Living on Less in Saudi Arabia

Second of five articles

...ions
...ouring
...nergy
...ht Stocks
...g to Climb

WOLFF SYSTEMS RESEARCH LTD.

Advisors to
CHARTERED COMMODITY CORP

1985 Commodity System Trading Results
Jan 1st to Sept. 30th

71%

Minimum Account
Two Hundred Fifty
Thousands U.S. Dollars

No. 3203/D/3
DATE: 16/11/1985

EXTENSION OF CALL FOR TENDERS

THE VALIDITY OF CALL FOR TENDERS No. 3998/M/D/3 DATED 10.9.1985 FOR THE SUPPLY OF EQUIPMENT, INSTALLATION AND CONSTRUCTION OF THE REQUIRED WORKS IN THE REGION OF LOWER EUPHRATES VALLEY, ZONE No. (1), SECTOR (7) NEAR THE CITY OF DER-EZOR, TO BE EXTENDED IN ORDER THAT THE DEADLINE FOR THE SUBMISSION OF BIDS WILL BE ON THURSDAY, DECEMBER 19th, 1985.

AND THE REST IS UNCHANGED.

GOLD DIRECTOR GENERAL
ENG. TABA AL-ATRASH

RAP
OOM
LLET
AB

MIEC

BUSINESS ROUNDUP

Profit Rise
Posted by
Johnson
Matthey

LONDON — Johnson Matthey PLC reported Wednesday a profit of \$10.5 million (\$15.4 million) for the six months ended Sept. 30, up 11.7 percent from \$9.4 million in the like period a year earlier.

Earnings per share on a fully diluted basis amounted to 4 pence, up from 3.1 pence.

It declared an interim dividend of 0.5 pence a share, the first since the company's financial crisis late last year. The company said this reflected the group's recent performance and a significant reduction in borrowings.

In October 1984, Johnson Matthey Bankers Ltd., a gold dealer and bank, was acquired by the Bank of England from Johnson Matthey PLC in a rescue operation after the discovery of loan losses totaling more than £200 million.

Johnson Matthey said it is confident that in time major improvements in profitability can be achieved.

Staff and other costs are being reduced, while loss-causing and poor-performing activities are being corrected, it said. Some write-offs may be incurred in this process.

The company said net money borrowed in Sept. 30 stood at £154 million, down £130 million from the previous year's peak. Borrowings of precious metals have also fallen substantially.

Interest on borrowings in the second quarter amounted to \$4.2 million, down £1.6 million from the first quarter.

Johnson Matthey said platinum prices have been generally lower than last year, though demand has been buoyant and first half profits from platinum marketing were slightly higher.

Car-exhaust catalyst performed well, while the group's new catalyst plant in Australia started up on schedule.

In precious-metal refining, the first priority had been to reduce working capital. The West Deptford refinery in the United States continued to post losses, though there has been some improvement, it said.

In Britain, platinum fabrication, jewelry and silver activities performed strongly.

However, demand from the electrical and mechanical engineering industries has been disappointing, the company said.

Sandoz Denies
Interest in Rorer

ZURICH — Sandoz AG denied Wednesday that it was interested in acquiring Rorer Group Inc., the U.S. pharmaceutical and health-care company.

A spokesman for the Swiss pharmaceutical company said there was no basis for rumors on U.S. stock markets that it plans to make a takeover bid for Rorer.

Rorer has refused to comment on rumors that it is interested in buying the prescription-drug business of Revlon Inc. Revlon was taken over in November by Panty Pride Inc.

Toshiba Predicting Lower Sales,
32.4% Fall in Net Profit in 2d Half

TOKYO — Toshiba Corp. predicts consolidated net profit of 30 billion yen (about \$150 million) in its second half ending March 31, down 32.4 percent from 44.35 billion a year earlier, Yuichi Yamada, vice president, said Wednesday.

Second half group sales are estimated at 1.73 trillion yen, compared with 1.75 trillion a year earlier, he said.

An expected continuing recession in the semiconductor market, the year's rise against the dollar, poor heavy-electric division sales and slow exports to China will reduce sales and profit, Mr. Yamada said.

The company reported group net profit of 33.93 billion yen in the six months ended Sept. 30, down 19 percent from 41.77 billion a year earlier. Sales were 1.74 trillion, up 9 percent from 1.6 trillion a year earlier.

The fall in first-half profit was caused by the semiconductor recession and a 49-percent fall in dividend income from overseas subsidiaries, Mr. Yamada said.

Toshiba America Inc. had almost no net profit in the period after 7 billion yen profit a year earlier, while Toshiba Semiconductor (USA) Inc. reported losses in the period because of increased capital spending.

Time-Gannett Meeting Has
Wall Street Taking Stock

By John Crudele
New York Times Service
NEW YORK — It was a meeting that, under other circumstances, would not have caused a stir. But when the president of Time Inc., Richard Murdoch, met last week with Gannett Co.'s chief executive officer, Allen H. Neuharth, it started imaginations on Wall Street working overtime.

They have met before, specifically earlier this year when Gannett

coaxed Time to the negotiating table to discuss a possible merger.

That meeting seemed logical to the swarm of professionals who track corporate marriages. Time was worried about a hostile takeover bid that had been rumored for years, the professionals said. And Gannett was ambitiously looking to expand into other businesses, so why not into the cable television, book publishing and magazine areas for which Time is well known?

But meetings between Time, still worried, and Gannett, still looking, are puzzling knowledgeable analysts these days. Perhaps the changed attitude can be linked to the fact that Time's stock is already up 40 percent this year, closing Tuesday at \$94. Many investors seem unwilling to go much higher without concrete evidence that someone is threatening the Luce empire, which at least one analyst thinks may be worth \$105 a share.

"I'm just not betting there will be a takeover," said J. Kendrick Noble Jr., media analyst with Paine Webber Inc.

There are two key questions that investors in Time now are asking. Has Time recently been involved in serious merger talks with Gannett? And, if so, was the company merely preparing itself in the event that someone should come along with a hostile takeover bid?

Wall Street analysts are guessing that it is Gannett, rather than

Time, that is pushing for a merger. And if statements by Time officials can be believed, that company is not ready to subscribe to the concept. "We are not interested in merging with Gannett," Mr. Murdoch said.

A report published Tuesday in The Wall Street Journal, which disclosed last week's meeting, carried the same quotation, but added the words "at present" under the quotation marks. A spokesman for Time said those two words did not reflect any qualification made by Mr. Murdoch.

Gannett officials have refused to comment at all.

Still, the report that a meeting took place was enough to send Time's stock up another 1½ points.

Talks with Gannett, which is not likely to make a hostile takeover bid, give Time breathing room to either improve its business results or convince Wall Street to price its stock not on profitability but on underlying assets and cash flow.

Some analysts think that Time has been trying to expand its cable television system for just that reason. It now is considered the favorite in bidding for the cable business of Westinghouse Electric Corp.

John Bauer, media analyst with Oppenheimer & Co., believes "if that acquisition is completed, the assets of Time become more heavily weighted toward cable." And cable companies, even when profits are slim, are attractive in the investment community, he added. "You literally force Wall Street to look at your assets" instead of quarterly profits, which in Time's case have been hurt mainly by problems with its Home Box Office premium cable service and lower advertising volume throughout the magazine industry.

Time's biggest problem is that, if it reports lower earnings, its stock is likely to drop. And the difference between the value of its assets and its market price becomes more severe. This, analysts said, is a clear invitation to a corporate raider.

Do Post Co., the U.S. chemical group, has announced plans for a \$40-million factory at Maydore in Northern Ireland to make synthetic

Lambert Plans
A Charge
On Earnings

By Daniel F. Cuff
New York Times Service
NEW YORK — Warner-Lambert Co. has announced a \$550-million charge against fourth-quarter earnings as part of a reorganization that will take the company out of the hospital-supply business. The charge will result in a loss for the year.

Joseph D. Williams, Warner-Lambert's president, said Tuesday, "We just couldn't continue to do this business" because of a limited rate of return.

He said that government moves in 1983 to contain Medicare costs had changed the way hospitals did business. Payment has shifted to a flat rate corresponding to a patient's illness, and the change has cut admissions and put pressure on long stays and elective surgery.

"These changes were not bad for the American consumer," Mr. Williams said, "but arrested the growth of the hospital-supply industry."

Hospital supply accounts for \$380 million, or 12 percent of Warner-Lambert's corporate sales but less than 1 percent of profits. The company also produces pharmaceuticals, over-the-counter medications such as Listerine and Ro-laine, chewing gum, mints and razors.

The company, based in Morris Plains, New Jersey, also announced a voluntary retirement program, consolidation of some plants and distribution centers and inclusion in the one-time charge of expenses related to suspended international sales of the anti-arthritis drug isoxacin, which has been linked to adverse side effects.

"It was a big price to pay," said Neil Swigg, an analyst with Prudential-Bache Securities Inc., "but the market tends to like these bite-the-bullet situations. Management is admitting mistakes and saying it wants another chance."

The company currently employs 39,000 people and by the end of the restructuring will have 32,000, Mr. Williams said.

One of three companies being put up for sale is IMED Corp., a maker of intravenous systems, which Warner-Lambert bought in 1982 for \$468 million.

The others are Reichert, a maker of microscopes and fiber-optic devices, and Deseret Medical, a catheter maker. All three are profitable, Mr. Williams said, and chances of selling them are "excellent."

Warner-Lambert said the restructuring would cost \$7.10 a share. Most estimates for 1985 Warner-Lambert earnings had been in the area of \$3 a share. In the fourth-quarter last year, the company earned \$31.2 million on sales of \$793.5 million.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

U.S. Nonprofits Generate Revenues in New Ways

(Continued from Page 13)

tributors and lose donations by appearing too successful in their commercial ventures.

Serious questions also have been raised about legality, propriety and ability. Small-business owners and the U.S. Small Business Administration have argued that nonprofits have an unfair competitive advantage because their tax-exempt status, coupled with other benefits such as lower postal rates, often reduces their costs and thus enables them to offer products at lower prices than their profit-making rivals.

Critics within the nonprofit community see the problem in a different light. Many are idealists who still recoil from the idea of any involvement with business — although they are reluctant to voice their dissent publicly in this new environment. They say that in entering the marketplace, nonprofits risk blurring their pristine image, which has long been important in winning contributions.

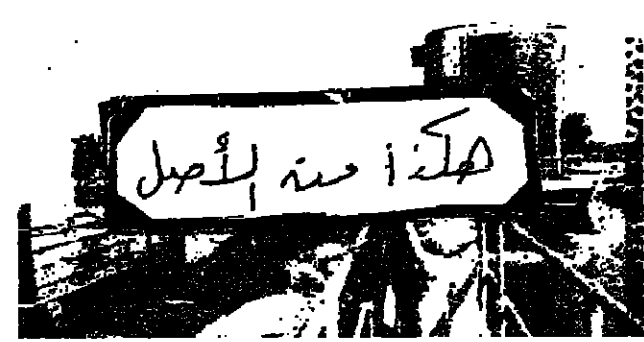
And the management skills of nonprofit administrators have been questioned. "Nonprofit organizations are less skilled in enterprise than in delivering social service," said Edward Skolot, president of New Ventures, a New York-based consulting firm specializing in helping nonprofits to earn income.

The end result, consultants fear, is that business mistakes made by nonprofits could affect an organization's ability to fulfill its service-oriented or charitable mission. And others fear that nonprofits that rush too brazenly into profit-making could lose sight of their original mission.

"The stakes are great here," said Lester M. Salamon, director of the Center for Governance and Management Research at the Urban Institute, a public-policy research group in Washington. "If the nonprofit sector continues to lose government support and is forced to begin focusing on different types of money-making ventures rather than on its mission, its basic character could change. Its ability to deliver services over the long term could decline."

Only about 10 percent of nonprofits are engaged in commercial enterprises, according to the Urban Institute. But that list includes some of the most prestigious names in U.S. cultural and educational life, such as the American Museum of Natural History, the San Diego Zoo and the National Audubon Society, which allows companies to drill for oil and gas at its wildlife sanctuary on Louisiana's Gulf Coast.

That number has been held down because of the large percentage of nonprofits that perform such social service functions as caring for the elderly or teaching the handicapped, groups that for the



Workers at the National Audubon Society's Rainey Wildlife Sanctuary in Louisiana, where oil drilling is allowed.

most part have nothing to sell. But the number of nonprofits entering the marketplace is expected to rise in coming years, especially if Washington continues to hold down social service budgets to reduce the deficit, which is likely.

Although business activities of nonprofits are limited by the Internal Revenue Service, consultants say, these organizations may well make a significant commercial impact because of their sheer size. According to the Urban Institute, there are an estimated 125,000 nonprofits in the United States operating for the "public benefit," excluding religious congregations, foundations and trade and professional organizations. The nonprofits employ 6.5 million workers, the Labor Department estimates, who account for one of every five service workers in the country.

Many nonprofits say that they already must cash in on everything they have — from the air rights above their buildings to a host of products connected with their overall mission. Some are even finding ways to capitalize on their ability to attract well-heeled patrons.

Following the Metropolitan Opera's opening night festivities last September, a select group of the bejeweled and black-tie audience stayed on for a dinner and fashion show that introduced Chanel's newest perfume, Coco. For the right to reach the wealthy operators, Chanel contributed \$250,000 to the opera and financed the party. According to the Met, Chanel's corporate largess helped it raise \$1.2 million in a matter of hours.

If the entry of commerce into the long-sacrosanct halls of the arts has led to some criticism from purists, the opera's general manager says he sees it more realistically. In this new environment for nonprofits, he believes the needs of corporate sponsors must be taken into account.

"There certainly is a limit here, a question of how much of this is a good thing," said Bruce Crawford, whose financial savvy has helped the Met reduce its deficit by about \$6 million over the last two years. "But you have to be prepared to deliver to corporations. If they give

you \$400,000 or \$500,000, they don't expect you to take the money and run. You've got to provide something that's beneficial to them in a marketing sense."

A growing number of nonprofit administrators around the country seem to understand that they must sharpen their business skills, and many are returning to school to study marketing, management and finance.

The Children's Television Workshop, which has been so successful in licensing its Sesame Street products, acknowledges that miscalculation and mismanagement recently caused it to stumble in the high-tech area. CTW, believing the computer revolution would take off and sustain a line of educational Sesame Street software for children, assembled an in-house staff of 50 program developers three years ago and introduced a children's computer magazine.

The project sailed smack into a collapsing market for personal computers, and CTW had a loss of close to \$10 million from its ill-fated software activities between 1982 and 1983, its management said.

Before this setback, CTW had developed a host of electronic Sesame Street games and activities and now has 33 of them on the market. But they bring in only 2 percent of CTW's revenues, far less than the organization had envisioned.

"We engaged in much too rapid a buildup of staff and commitment before we had enough evidence on the sales and revenue side," said David V.B. Britt, CTW's executive vice president. "We still have to look for revenue-generating activities if we want to sustain Sesame Street and other programs. But we are not going to be making major financial bets anymore."

The Bank Street College of Education in New York, however, has thrived in software.

In 1981, with a \$70,000 foundation grant, it developed a word-processing program designed to help children improve writing skills. It joined forces in 1982 with a curriculum-research organization and when the software was perfected in 1983, Bank Street licensed it

to Scholastic Inc. for sale to schools and to Broderbund for home sales.

According to Alan Gleicher, president of Soft-Kat Inc., a Los Angeles software distributor, the Bank Street Writer is the best-selling piece of software at U.S. schools, with nearly 400,000 copies in circulation. It generated close to \$600,000 in royalty income during Bank Street's latest fiscal year, which ended June 30, the organization said.

There are risks for nonprofits as they assume their new money-making role — and one of the most serious involves their tax status. The U.S. tax code exempts nonprofits from paying federal taxes on revenues derived from activities that are substantially related to their organization's primary purpose. Museums, for example, are permitted to reap tax-free profits from the sale of exhibition catalogs and posters.

But tax lawyers, consultants and nonprofit administrators say the code's definition is still open to interpretation.

"It is a grey area because there is no strict permissibility ruling. It's not carved in stone what you can and can't do," said Mr. Skolot of New Ventures. "But it's not opaque because nonprofit people generally know that the more overly commercial they become, the more attractive a target they are for the IRS and for private-sector competitors."

The Internal Revenue Service has ruled, for example, that the Red Cross does not have to pay taxes on profits generated from its \$24.95 first-aid kits. But when Mark Ambrose, the organization's project director for special products, was asked why the Red Cross did not sell its kits in drugstores, he said that one reason was that such an arrangement could raise a question of tax liability because the outlets were so clearly commercial.

Profitable Oil Fields Found, Chinese Report

GUANGZHOU, China — Recent discoveries in the Pearl River basin south of Hong Kong indicate the presence of small to medium fields of light oil that will be commercially profitable, a senior Chinese geologist said Wednesday.

Chan Sizhong, chief geologist for Nanhai East Oil Corp., which handles exploration in the eastern part of the basin, said "that each discovery is better than the former one." The strikes have been made by a partnership of Phillips Petroleum Co. and Shell Oil Co., and by a consortium of Agip SpA, Chevron Corp. and Texaco Inc.

We prefer to put the gold in the bottle, not around it.



When you make a great beer, you don't have to make a great fuss.

ESORTS & GUIDES

INTERNATIONAL
ESCORT

USA & WORLDWIDE
Head office in New York
330 W. 5th St., N.Y.C. 10011
212-765-7896
212-765-7754

MAJOR CREDIT CARDS AND
CHECKS ACCEPTED
Private Accommodations Available
This award-winning service has
been featured on the top 10 most
exclusive Escort Service by
USA & International media
including radio and TV.

* USA & TRANSWORLD

A-AMERICAN
ESCORT SERVICE
EVERYWHERE YOU ARE OR GO!
1-813-921-7946
Call free from U.S. 1-800-237-0892
Call free from Florida 1-800-360-0892
Lowell Eastern welcomes you back!

LONDON

KENSINGTON
ESCORT SERVICE
10 KENSINGTON CHURCH ST., W8
TEL: 737 9135 OR 937 9135
All major credit cards accepted.

LONDON

BELGRAVIA
ESCORT SERVICE
Tel: 736 5877.

LONDON

Portman Escort Agency
67 Chiltern Street,
London W1
Tel: 486 3724 or 486 1158
All major credit cards accepted

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

ESORTS & GUIDES

* LONDON *

EXECUTIVE ESCORT SERVICE
402 7400 or 499 2225

ARISTOCATS

London Escort Service
128 Wigmore St., London W.1.
All major Credit Cards Accepted
Tel: 01-47 01 71 01/02
12 noon - midnight

CAPRICE-NY

ESCORT SERVICE IN NEW YORK
Tel: 212-737 3271.

MAYFAIR CLUB

ESCORT SERVICE 5pm
ROTTERDAM (0) 10-254155
THE HAGUE (0) 70-60 79 96

* LONDON CHELSEA *

ESCORT SERVICE
51 Beaufort Place, SW1.
Tel: 01 384 6513/2740 (412 pm)

ZURICH

ALPES ESCORT SERVICE
Tel: 01 47 55 82

INDRANI

ESCORT SERVICE
ZURICH (0) 730 89 13

* JASMINE *

AMSTERDAM ESCORT SERVICE
020-344655

ZURICH-GENEVA

GENEVE ESCORT SERVICE
TEL: 01 368 08 64 - 022 54 41 94

ESORTS & GUIDES

* ZURICH *

30A Escort Service
Male & Female, 55 93 55

AMSTERDAM

BIRD ESCORT SERVICE
020 - 271001

ROME CLUB EUROPE ESCORT

& Guide Service, Tel: 06 587 2004-389
1146 (from 4 pm to 10 pm)

* GENEVA-FIRST *

ESCORT SERVICE • weekend 32 34 18

GENEVA ESCORT

Service, Tel: 46 11 58

*****GENEVA BEST

ESCORT SERVICE, 022 / 86 15 95

GENEVA *BEAUTY*

ESCORT SERVICE, 022/29 81 30

Nov.27, 1985

22

[illegible]

1990年12月

London Experiences Property Boom

By Sarah Lambert
Reuters

LONDON — More and more foreigners are buying London property, fueling a boom in the market for British bricks and mortar, one of the world's most solid investments.

Non-Britons seeking a European base have long been attracted to London. But underpinning the current boom is the capital's extraordinary growth as a financial center, according to real estate brokers.

Overseas business geared up rapidly once London announced it would designate its financial markets as a free zone, a move expected to attract many foreign financial operators to the capital.

"What with the lure of deregulation, the prestige of British education, and the country's social stability, people think London is the most wonderful place to live," said Victoria Mitchell, head of the London residential property depart-

ment of Savills, a leading firm of real estate brokers.

And, with house prices in the most exclusive London areas rising 35 percent to 50 percent over the last two years, property represents one of the best low-risk, high return investments available.

At the top end of this market, the best return on capital is made from converting houses to apartments. However, because of the heavy down payment required, the financing for such developments is usually arranged through a private consortium.

While some buyers want a London house to live in, many purchase property simply because of its investment value.

Mrs. Mitchell calculated that in the last 15 years the London prime residential market has out-performed the Financial Times all-share stock index by more than 100 percent and more than kept pace with inflation.

Nevertheless, many real estate

brokers stress that the attraction of London is more than just financial.

"London has more to offer than most of the world's other capitals and is still considered safe and civilized," one said.

He added, "I sold a five-bedroom, two-bathroom house the other day. It had a view over the golf course, was within walking distance of two schools and only a 10-minute drive from the heart of the city. Where else can you get all that for under £500,000" (about \$735,000).

Most brokers operating in the £20,000 to £200,000 and upwards house market said foreigners and British newcomers accounted for anything up to a quarter of their sales.

David Petty of brokers Barratt Central London said: "The main trade comes from the Far East, Hong Kong, Singapore and Malaysia. U.S. buyers aren't as numerous as some people think."

Singapore Reports 3.5% Decline In Its GDP During the 3d Quarter

Reuters

SINGAPORE — Singapore's gross domestic product fell 3.5 percent in the third quarter and is likely to post a 2-percent decline for the whole year, according to the Ministry of Trade and Industry's quarterly economic survey, published Wednesday.

GDP grew by 8 percent from July to September last year. In the second quarter of this year it registered a 1.2-percent decline after no growth in the first quarter.

Gross domestic product is a country's total output of goods and services, minus income from operations abroad.

Construction had the worst decline, a 16-percent drop, compared with 15.3-percent growth in the third quarter of 1984, it said. Manufacturing output had a 10-percent drop, compared with 8.2 percent, because of poor world demand, the survey said. Commerce posted a 4.2-percent fall from growth of 5.9 percent.

Financial and business services registered 3-percent growth, compared with 1.5 percent last year. Transport and communications grew marginally by 0.9 percent, compared with 9.8 percent. A total of 80,000 people lost their jobs in the first nine months, more than half of them in construction, the survey said. Employment shrank in all sectors except financial and business services, it said. It added that fourth-quarter prospects were bleak.

Meanwhile, prices on the Singapore Stock Exchange plunged on Wednesday amid heavy selling. The Straits Times industrial index dipped 20.29 points to a 41-month low of 697.31.

THE EUROMARKETS

New Option Opens on Euromarket

By Carl Gewirtz
International Herald Tribune

PARIS — Income warrants, a new breed of options, were introduced Wednesday to the Eurobond market on behalf of Banque Paribas du Commerce Extérieur.

Options to buy bonds are not new, but options that pay interest until they are exercised have never before been seen. The debut was well received, as the five-year warrants, priced at \$100, ended the day at \$108 bid, \$112 asked.

The French state-owned trade bank put on the market 300,000 warrants bearing an annual coupon of 9 1/2 percent, or \$9.25. The warrants give holders the right to buy at a discount of 90 percent of face value a 9 1/2-percent bond maturing on March 16, 1996.

The 10-percent discount pricing to exercise the warrant, meaning investors have to put up \$90 to

buy a security nominally valued at \$100, erases the \$100 offering price of the warrant. Thus, in real terms to investors, the cost of the warrant is the \$12 premium at which the options ended the day and the discount a 9 1/2-percent bond would currently be worth (at least 2 1/2 percent). But that discount would disappear if interest rates drop over the next five years.

In the meantime, the value of the warrant should increase over time because the discount exercise price is worth more as the remaining maturity shortens. Buying a 9 1/2-percent, 10-year bond at a price of 90 produces a yield of 11.48; paying 90 percent to buy a bond with only five years left to maturity produces a yield of 12 1/2 percent.

Société Générale, which put the package together, said the structure was akin to a partially paid issue where investors are asked to put up a small fraction of the purchase price immediately and the balance later. The difference in this case is that partially paid issues up to now have required the final payment to be made within one year. In this case, investors have five years to pay.

As the warrants bear interest, enticing investors to hold the paper, both Banque Paribas and Société Générale expect that the options will not be exercised much before the final maturity — giving BFCE access to relatively low-cost funds in the meantime.

This results from BFCE's simultaneous offering of \$270 million in floating-rate notes. These have the same 10-year maturity, but are callable annually at par. Interest on the notes is set at 4 1/2 percent, 0.04 percent over the three-month London interbank offered rate. The notes were offered at a premium price of 100.05 and underwritten by a commission of 12 basis points.

The warrants are exercisable every three months, coinciding with the interest payment date on the FRN.

In effect, BFCE gets its \$300 million immediately — \$270 million through the FRN and \$30 million through the sale of the warrants. The FRNs are callable after one year at par.

Basically the structure allows BFCE to gamble on a decrease in interest rates over the next five years. In that case, the warrants will be exercised and BFCE will have gotten very cheap financing.

If BFCE raised the entire amount in a fixed rate financing today, it would have had to pay at least 10 1/2 percent. If it is positioning to pay 9 1/2 percent if the warrants are exercised, in the meantime will pay a much lower floating rate. At present three-month Libor is 8 3/4 percent, which would put the cost of the FRN at 8.2275 percent.

Société Générale estimates that if three-month Libor averages 7 percent over the coming five years and the warrants are exercised then, BFCE's average cost of funds for 10 years will work out to 8 1/2 percent. If Libor averages 11 percent, and the warrants are not exercised, BFCE's cost of funds would work out to 9.94 percent — still a saving from the 10 1/2 percent it would have had to pay to issue fixed-coupon dollar debt in today's market.

■ Market Listless
In other trading Wednesday, the Eurobond market was listless. Reuters reported from London.

In other new-issue activity, Salomon Bros. International lead-managed a \$160-million property-securitized 100-percent bond due 2000 at 99 1/4 for Fisher Brothers Financial Realty Co. It closed at 2 1/4, just inside total fees of 2 1/4.

In quiet secondary market trading, fixed-rate dollar Eurobonds closed little changed, while floating-rate notes eased modestly. Japanese convertible bonds firmed, as did the sterling sector, on the back of the currency's recent strength.

The Power of Paranoia

(Continued from Page 13)
levels because the firm's research shows Wall Street overall at "fair value." Some other "individual opportunities" he cited are General Electric, Gerber Products and Standard Oil Co. of Ohio.

"Wall Street is turning bullish," noted Walter Templer, who directs international investment strategy for private clients at Zurich's Bank Wollong. "But it's still not exaggerated."

He points out that there is more volume on days the market is up than down during declining sessions. "I'm feeling comfortable, at least for the time being," he added. "However, don't forget the Dow has surged more than 100 points and that has exposed Wall Street to a technical correction."

He said the bank turned positive toward U.S. stocks two months ago, in a contrarian reaction to the prevailing "consensus pessimism." Then, the timing looked ripe, he

said, when the Dow held at 1,300, even in the face of continued bad economic news.

"From then on it's been climbing that wall of worry," he added. Mr. Templer said the bank is adding to positions it began buying back then. Technology, where he noted bearish sentiment was strongest, has been the major focus. Top choices have been IBM, Prime Computer, Motorola and Tandy.

Caterpillar Tractor remains attractive among capital goods stocks, with Grail heading the special situations category. Beneficiaries of a declining dollar include chemicals, he said, plus these individuals issues: Polaroid, Procter & Gamble and Schering-Plough. CSX is the favorite railroad.

"But this is a stock market where you can do some selling," he said. "Some sectors are over-extended, such as foods and soft drinks. We're tightening positions in Coca-Cola."

Company Results

Revenue and profits in millions, unless otherwise indicated.

Quarterly and Annual Results			
Company	1985	1984	1983
Unilever			
1st Half	1985	1984	1983
Revenue	1,212	1,212	1,212
Profit	112	112	112
Per Share	1.12	1.12	1.12
Fluor Corp.			
1st Half	1985	1984	1983
Revenue	1,212	1,212	1,212
Profit	112	112	112
Per Share	1.12	1.12	1.12
Hormel (Geo. A.)			
1st Half	1985	1984	1983
Revenue	1,212	1,212	1,212
Profit	112	112	112
Per Share	1.12	1.12	1.12
Philip Morris Inc.			
1st Half	1985	1984	1983
Revenue	1,212	1,212	1,212
Profit	112	112	112
Per Share	1.12	1.12	1.12
Tobacco			
1st Half	1985	1984	1983
Revenue	1,212	1,212	1,212
Profit	112	112	112
Per Share	1.12	1.12	1.12

CURRENCY MARKETS

Dollar Falls Again in Europe Despite U.S. Trade Figures

Compiled by Our Staff From Dispatches

LONDON — The dollar fell Wednesday against most European currencies in hectic trading, despite a reported reduction in the U.S. trade deficit.

Currency dealers said bearish sentiment about the U.S. economy continued to grow in the market, causing the dollar to decline for the fifth straight business day.

The Commerce Department said Wednesday that the U.S. trade deficit narrowed to \$11.5 billion in October. The deficit was smaller than expected and was down from September's record deficit of \$15.5 billion.

Although the trade report first boosted the dollar, currency dealers said it later retreated after Commerce Secretary Malcolm Baldrige

was quoted as saying that more had to be done to cut the U.S. trade deficit.

One way of reducing the trade deficit would be sales of dollars by central banks, which would depress its market value and in turn make U.S. goods cheaper abroad and foreign goods more expensive in the United States.

The dollar eased against the Deutsche mark to close at 2.5495 DM in Frankfurt, down from Tuesday's 2.5689 DM. Much of the trade was technical as operators covered short positions ahead of the Thursday's Thanksgiving holiday in the United States.

In Tokyo, the dollar ended at 200.65 Japanese yen, down slightly from Tuesday's 201.10 yen.

(Reuters, AP)

Wednesday's OTC Prices

NASDAQ prices as of 3 p.m. New York time.

Via The Associated Press

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

12 Month High Low Stock Div. Yld. Sales in 1985 High Low 3 P.M. CLOS

Explaining Thanksgiving

Fashioning a List of Best-Dressed Men

Richman said that he had weathered many a brouhaha over the years and was standing firm on Anthony R. Cucci: "I had the mayor of Yonkers on one year. We lived through that."

High Stakes in Book Bid

tion. The transplant continues to amaze him with its "steadiness and solidity. It works like a precision watch." He received the heart of a 20-year-old French woman, Pierre Fournier, who had been killed in a road accident. The surgeon, Edward Henry, died later of a heart attack.

INTERNATIONAL CLASSIFIED

[illegible]

Travel and Operational Services Consultants

RY TAX FREE CARS for true costalors.
Meadow Airport, Holland
77. The 25071 BCATN

500 SL, 500 SEC. new
New Spain 767 71001
Costalors: new, Ferni
new. PCT. Berlin
new. 86. located. Veri
on Germany 91 488
1982 DES D.

OST FLIGHTS

US from Amsterdam
Atlanta 252, Texas 316
California 300 via
Ozant. Mother, Departu
on 25-4541. The 1455
from 11 545. Also, 1 way
Minneapolis, Price 4225 939.

ARTS

33 THAWLOW
Korean and
California 300 via
the sold on.
DEC. 9, at 16
from 55.
11. Tordensia
5 Norway Tel. (03) 41 25 3.

**AGE 15
& MORE
SIFIED**

**ore
fa
sies
orld
ne**